



# FINANCIAL TIMES

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## ing NEWS SUMMARY

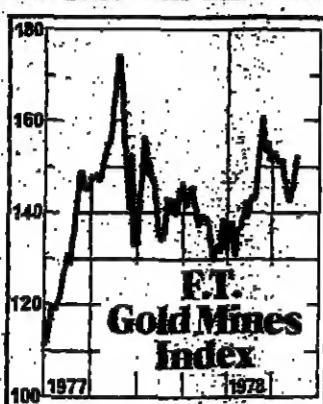
ERAL

Womalis Golds  
nswer all  
arms

### BUSINESS

Womalis Golds  
put on  
6.3; Gilts  
drift

GOLD SHARES provided the  
brightest feature in the equities  
market, with a rise of 6.3 to  
152.3 in the Gold Mines index.



helped by gains in the price of  
bullion and the investment premium. The FT ordinary index  
fell 1.1 to 469.9.

GILTS drifted lower, and in  
spite of small rallies, longs  
closed 1 down and shorts 1  
lower. The Government Securities  
Index fell 0.24 to 75.16.

STERLING rose 5 pence to  
\$1.946, its trade weighted average  
rising to 66.3 (66.2). The  
dollar's index, calculated by the  
Bank of England, fell to 91.5  
191.6. Morgan Guaranty currency  
rates were not available  
due to a U.S. bank holiday.

GOLD rose \$1.1 to \$176.1.

WALL STREET was 2.17  
down at 773.82 just before the  
close.

MINISTERS are confident that  
most nationalised industries and  
local authorities will follow the  
Government's lead and operate  
contract clauses with private  
industries to force compliance with  
pay guidelines, the decisions was  
told. Back and Page 12

January  
spending down

RETAIL sales figures for last  
month show spending slightly  
down on December, though  
stronger than the rest of last  
year. Consumer demand is still  
below sustained boom conditions.  
Back Page.

BARCLAYS BANK is consider-  
ing resumption of Saturday open-  
ing at some branches, but is meet-  
ing opposition from bank unions.  
Back Page.

BANK OF ENGLAND defence  
against accusations that arrange-  
ments used to regulate the  
London foreign exchange market  
constitute a closed shop are  
being examined by EEC officials.

MR. ALEX PARK, former  
chief executive of British  
Leyland, has joined Lough-  
borough. Back Page.

U.K. life assurance is the  
cheapest in Europe, according to  
a Belgian insurance association  
study. Life Assurance  
has calculated that the value of  
a wife's work in the home is  
worth \$20 a week but says that  
her husband consider insuring  
their spouse's life at a realistic  
figure. Page 8

EFFORTS will be made to-day  
to end the two strikes crippling  
car production on Merseyside, at  
British Leyland's plant at Speke,  
and at Ford's Halewood factory.  
Shop stewards at Speke will be  
meeting TGWU and AUEW  
executives and Leyland manage-  
ment, while ACAS will intervene  
at Halewood. Page 11

COMPANIES

REED INTERNATIONAL  
has withdrawn its partial bid for  
Redfern National Glass, leaving  
Rockware Group and United  
Glass still Redfern suitors. Back  
Page.

TOYOTA reports record sales  
for the six months to December  
31. Up 16.6 per cent, at  
Y1.255bn. Car sales were up 7.3  
per cent at 1.37m. units. Page 22

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise  
indicated.

RISSES:

Wool 5% 78-80 ... 105.4

Turkey Hamper ... 102.4

Tibby (J.) ... 220.4

Ulam (J.) ... 45.4

Comet Radios ... 112.4

ERF ... 186.4

Fogarty (E.) ... 127.4

Glass & Metal ... 67.4

Harrison (T. C.) ... 107.4

Ladies Pride Outwear ... 75.4

Lonrho ... 152.4

MP Furniture ... 125.4

Minster Assets ... 60.4

Nottingham Manf. ... 114.4

Office & Electronic ... 98.4

State & Lyle ... 200.4

West of England Tst. ... 42.4

Reed Int'l ... 107.4

Reynolds (W. J.) ... 31.4

FALLS:

Treasury 14% 1982 ... 113.4

Exchequer 10½% 1983

(30 pd.) ... 225.4

Gretna's A ... 113.4

Nottingham Manf. ... 200.4

State & Lyle ... 42.4

Wilkinson Match ... 175.4

## Shell tanker men close to accepting new pay offer

BY NICK GARNETT and LYNTON McLAIN

Tanker drivers at Shell, who are likely to set the pace for drivers at other oil companies, appear ready to accept a new pay offer made by the company.

Fuel shortages, caused by the same offer should be made to drivers' overtime ban and work to BP, Esso and Texaco, who are also involved in the dispute, and increased industrial dislocation, that it should also apply to contractors.

Yesterday Singer, the sewing tracting hauliers used by oil machine company, laid off 4,500 workers in Glasgow. The Government was warned of lay-offs at clay-bring companies and more paper companies said they were on the brink of total shutdown.

Although at a series of mass meetings some drivers were uneasy about the new offer, Shell said that drivers at most of the major terminals appear to have accepted the deal, including those at the biggest depots in the South-East and some of the more militant ones in the Midlands.

Mr. Jack Ashwell, transport secretary for the Transport and General Workers' Union, to whom the men belong, said the deal would be closer to the drivers' claim of about 20 per cent, than Shell's previous offer of about 15 per cent.

Elsewhere, process plants continued to take the brunt of the shortfall. Clay-bring companies in the West Midlands warned

Mr. Anthony Wedgwood Benn, Energy Secretary, of lay-offs and the danger of explosions in empty liquid gas tanks and of

The union has stipulated that collapsing kilns. Mr. Benn was

affected thousands of passengers at

### Meeting

Shell shop stewards are meeting to-day to discuss the drivers' response. Shop stewards from the other main companies whose drivers are involved in the overtime ban, are also meeting this week.

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At Heathrow Airport, flights

totalling about 2 per cent of West German gross national product. Bonn had done all it

could, he said, and no more was to be expected.

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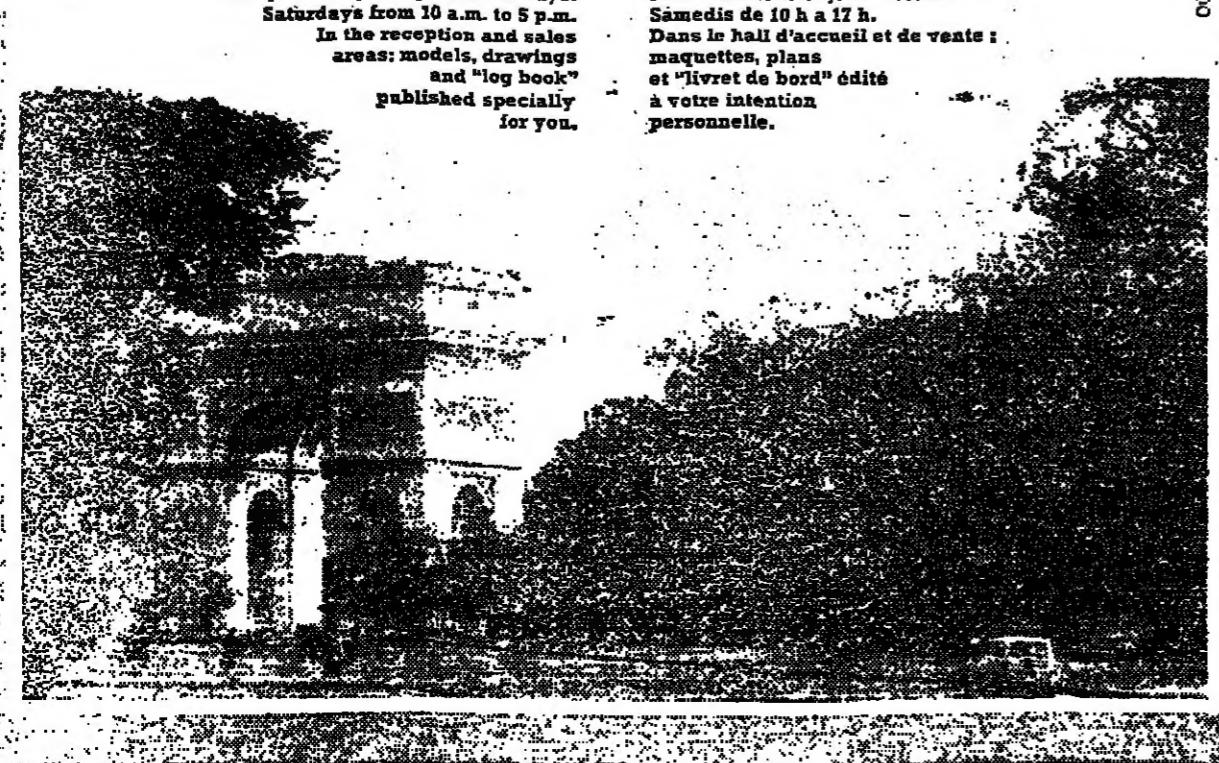
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## EUROPEAN NEWS

### NORWAY'S DEVALUATION

## Government misjudges timing of oil wealth

By William Dulforce  
in Stockholm

WHY should Norway, the second wealthiest country in Europe in per capita income need to devalue? This is an obvious question after Norway depreciated its krone by 8 per cent within the European currency "snake" on Friday. The curt answer is that the country's North Sea oil is still potential rather than realised wealth, while the Norwegian Government has been behaving as if the oil money was in the kitty.

Like most short answers this is both inadequate and partly unfair. The Norwegian Labour Government is not the only one to have under-estimated the strength of the world economic recession and it cannot be blamed too severely for misjudging the time and cost of extracting the offshore oil. It can, however, be reproached for taking so long to face the reality, to which its domestic critics have long been pointing.

The main motive for the devaluation is the deterioration in the payments balance which, when accompanied by an abrupt decline in the competitive position of Norway's traditional exports, is alarming even for a country with Norway's expectations. Over the last three years Norway has accumulated a deficit of close to Kr.602bn. (£5.7bn.), including Kr.27.5bn. last year.

The 1977 deficit was some Kr.13m. greater than forecast at the beginning of the year. The first 1978 budget prediction anticipated a fall in the deficit to Kr.16bn., but this has already

MR. MAUNO KOIVISTO, the governor of the Bank of Finland, said over the weekend that the general guess about a 5-8 per cent devaluation of the Finn mark would be pretty near the mark, if Finland does devalue. A devaluation of more than 8 per cent, he excluded.

Lance Keyworth reports from Helsinki. He also said that there are better ways of improving Finland's international competitiveness, but they are slower in their impact than devaluation.

been revised to around Kr.20bn., despite the fact that the oil operations are scheduled to show a surplus for the first time this year.

Labour government policy has been to maintain full employment and ensure an annual rise in real disposable incomes. This target seemed not unreasonable for a nation of 4m. people with oil and gas assets comparable to those of 50m. Britons.

But the technical problems, accidents and the government's own go-slow approach have delayed the oil income. At the same time the world shipping slump has cut the earnings of the Norwegian merchant marine. Last year Kr.8bn. of the increase in the foreign debt stemmed from shipping.

Private consumption, boosted by wage increases has soared with a corresponding rise in imports. 1977 was a record year for car imports. Domestic consumption, excluding oil and shipping rose by a good 15 per cent between 1974 and 1977 compared with a six per cent rise in real income. The difference was covered by foreign borrowing.

Allowing for the future oil income, a net foreign debt of Kr.80bn. at the end of 1977 might have been acceptable, were it not for the plight of the Norwegian export industry. The wage increases and inflation, averaging over 8 per cent a year despite heavy government spending to contain consumer prices, have forced up the costs of industrial production. At the same time the link with the deutschmark through Norway's participation in the European currency "snake" has produced a steady appreciation of the Krone.

Over the past three years unit labour costs have risen 25 per cent more than the average for Norway's main competitors. Norwegian exports have been losing market share at an increasingly faster rate. Moreover, government employment relief and a tight labour market have balked the needed restructuring of Norwegian industry, as the OECD pointed out in a recent internal report.

The decision to devalue appears to have been taken when the results of the Government's reassessment of the long-term economic prospects were reported to the Cabinet. The man in the hot seat is Mr. Per Kleppe, the Finance Minister, who has long derided devaluation. His sharp criticism of the Swedish devaluation last August was recalled with some glee in Stockholm over the weekend.

Mr. Kleppe has been widely praised for the ingenious, comprehensive income settlements he has stage-managed since 1975. By adjusting tax and subsidy policies and setting growth rates for annual settlements covering both industrial wages and farm prices. He now admits they have been too expensive.

This week Mr. Kleppe will try to organise a 1978 incomes settlement. The devaluation gives him a fair start but the trade union federation chairman has already said his members will want compensation for any price rises resulting from devaluation.

Mr. Kleppe's situation is unavoidable. This time he can scarcely offer any real rise in incomes. That may come as a shock to some Norwegians who voted the Labour Government back into power in the September general election.



Still at the design stage—the proposed European Parliament building.

## The nomadic existence of the European Parliament

BY DAVID BUCHAN IN BRUSSELS

THE LATEST row which Parliament's intentions in the powerful alliance, including a Dutch Socialist MP, Mr. Cornelius Patijn, the political editor of the committee reporter, who has put up a report on the future working place of the Parliament.

The Belgians have firmly decided the darkest of French and Luxembourgian suspicions, namely that it might be helping the Brussels site for a hemispherical or parliamentary chamber, thereby enabling Parliament to shift lock, stock and barrel thither.

Indeed, the Belgian Prime Minister, Leo Tindemans, has now offered his good offices to try to satisfy the Parliament's needs only be taken by the governments of the member states.

Until the governments do so and they show no signs of tackling this difficult issue in the foreseeable future—the parliament is condemned to a nomadic existence. The dozen or so full sessions a year are supposed to be held in Strasbourg, though up to half those now take place in Luxembourg; by a 1965 treaty the Luxembourg is the seat of the parliament's 1,500-strong secretariat; and by common and convenient practice, parliamentary committee meetings are generally held in Brussels, within easy reach of the Council and Commission.

With the doubling of the number of Euro-MPs from 198, dominated MPs to 310 directly elected ones, the Parliament's managers under their presidents, Sig. Emilio Colombo, have not unnaturally been looking for ways to expand the present facilities for MPs, staff and so on. Because of the present split nature of the Parliament's working habits, this means expanding on three fronts at once. Sig. Colombo has stressed all along that the Parliament is in no way trying to "pride" a final decision on its eventual resting place.

The idea is that Luxembourg and France might be reassured to have involved in the Parliament's expansion a fellow government which they can at least berate in the Council of Ministers, rather than a lot of Euro-MPs over whom they have no control.

The Luxembourg state and the Belgian Government is making an inventory of all possible sites in its capital. A possible solution is that it would itself lease a site to the Parliament rather than have the Parliament take on commercial premises directly.

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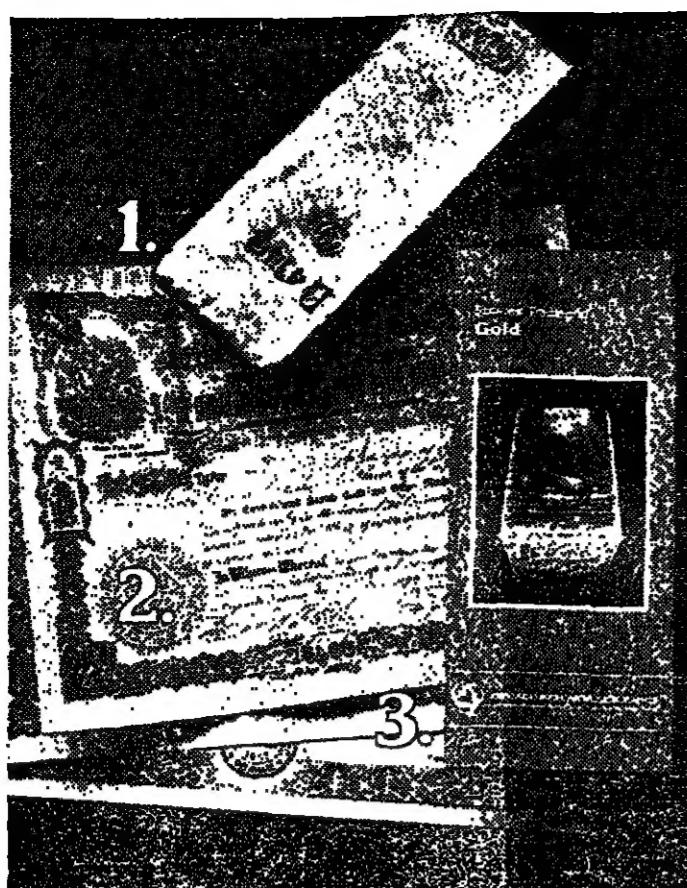
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## AMERICAN NEWS

### Coal strike goes back into deadlock

By Stewart Fleming

AFTER four months of negotiations and two months of a strike, negotiations in the U.S. coal industry over a new three-year contract for miners are deadlocked.

The Bituminous Coal Operators' Association (BCOA) is the negotiating arm for the employers, has described its leaders as "appalled" by the decisions yesterday of the 39-man union bargaining council to reject a proposed settlement to end the strike, which would have given miners increases in benefits, including wages of 37 per cent.

The official BCOA statement made no mention of willingness to re-open the talks with the union. The coal companies have been shocked by the overwhelming opposition to the proposed settlement, which the bargaining council rejected by 30 votes to six.

It could be at least a week, according to some observers, before there is any formal re-opening of talks.

The coal companies will have to decide whether to change their approach to the securing of a new contract, or whether the proposals they have made could with a few modifications, win miners' support.

States like Ohio, Indiana and Pennsylvania, which are heavily dependent for electricity generation on coal, are running short of supplies. There are predictions that the strike will begin to have a serious, albeit localised, economic impact.

Some manufacturing companies are already preparing to lay off workers and cut production. As the week progresses, announcements of restricted energy supplies are likely to become more frequent.

Many mine workers feel that the running down of stock-piles in some areas is putting into their hands more leverage as regards the outcome of the dispute. For the past two months, the miners and their families have borne the brunt of the hardships associated with the strike. They have been without pay or union medical benefits for the full period.

The Carter Administration is continuing its studies of ways to ameliorate energy shortages stemming from the strike. But it is questioned whether much more can be done by way of shifting coal stocks from area to area, or by increasing the supplies of western strip-mined coal. Any attempts to adopt such a programme would probably provoke serious outbreaks of violence by picketing miners.

Already, two miners have been shot to death in battles between union and non-union miners.

### Abzug poll test in NY to-day

By John Wyles

NEW YORK, Feb. 13. VOTERS in one of the wealthiest Congressional districts in the U.S. will decide tomorrow the political future of Mrs. Bella Abzug, champion of women's rights, larger federal aid for the needy, and twice a loser in recent contests for elective office.

Thanks to a court ruling last month which awarded her disputed votes from a Democratic Party selection committee meeting, Mrs. Abzug is the Democratic nominee for the 18th New York Congressional district seat in the House of Representatives which was vacated by Mr. Edward Koch on his election in November to the New York mayoralty.

Israel has reacted immediately to this change. This morning, in a newspaper interview, Mr. Moshe Dayan, the Foreign Minister, said that as a result of the U.S. position on settlements in the Sinai and the West Bank, Israel would now have "a substantial reservation about the present Administration's role as an impartial objective mediator between us and the Arab countries."

But the settlements, important though they are, are really the symptom of a more profound change in the U.S. and it is this which has worried Israel and her powerful friends here. This change is only in its infancy and support for Israel remains very strong, but it has already become very much less unconditional.

The most obvious cause of this has been the impact that President Sadat has made on public opinion here. For the first time, an Arab statesman is, according to the polls, regarded with the same respect as his Israeli counterpart. The Egyptian president has played to the American gallery to great effect and the same polls now show that a narrow majority of Americans believe that Israel may actually be a greater obstacle to peace than Egypt.

This in turn has made it easier for the Administration to propose limited arms sales to Egypt. Mr. Hill and his Israeli rivals and even staunch defenders of Israel emerged from their talks with him saying that perhaps limited arms sales to Cairo would not be a bad thing.

The difficulties in persuading Congress to approve such a sale, however, are still fairly formidable. A number of important senators are still opposed to this kind of assistance to Egypt. But even if Congress did block a sale it would not be the end of the story.

The Carter Administration was very angry last week when Israel publicly admitted that it is supplying arms to Ethiopia. It was not much less displeased at the news last week that, at the same time, Israel is actively seeking closer trade and other ties with South Africa. Both actions are expected to prepare the ground for a further round of ministerial discussions to take place before mid-summer.

### Congress plans Witteveen contribution vote soon

By JUREK MARTIN, U.S. EDITOR

THE HOUSE of Representatives has tentatively scheduled a vote on the U.S. contribution to the supplementary credit facility at the International Monetary Fund for February 21 on the U.S. contribution to the IMF. It is necessary to remind the IMF that it may be undesirable to impose language into the Bill when it is considered by the full chamber.

Senate action will have to wait until the Panama Canal issue is settled.

It is also being pointed out that the current version of the Harkin amendment is relatively weak for the Administration, which generally would have required the U.S. to oppose loans to countries whose governments violated significant human rights.

That was the sentiment, for example, which prompted last year's Congressional squabble over U.S. contributions to the World Bank.

On the Senate side, the prospects for passage appear brighter, though again there is the possibility that Senator

James Abourezk, the liberal Democrat from South Dakota, may insert human rights language into the Bill when it is considered by the full chamber.

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### Business confidence in U.K. is high says survey

By JOHN WYLES

NEW YORK, Feb. 13.

BUSINESS CONFIDENCE in the United Kingdom is higher than in 10 other industrialised countries, including the United States, according to a survey conducted by the economic department of McGraw-Hill Publications.

Expectations of economic recovery after a lengthy recession seem to be a factor behind U.K. attitudes, just as fears of a recession after an historically long recovery may have been concentrated in conservative circles, which view anything which resembles foreign aid over which the U.S. cannot exercise direct control with grave suspicion.

Confidence in the 11 countries was indexed on a scale of 100 based on answers given by executives of leading corporations to 11 questions. These sought to elicit their views on their companies' sales prospects, the relations with labour and the national Government, the country's economic outlook and its probable course of inflation, and the direction of short- and long-term interest rates. The average rating was found to be 82. The U.K. scored 80.3, to be top of the league, and Belgium 41.9 at the bottom.

U.S. pessimism was found to centre on the direction of inflation over the next six months, the likely course of interest rates and current company-government relations. Low scoring on all of these questions reduced the U.S. Supporters of the Harkin

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### THE U.S. AND ISRAEL

## Relations reach a new low

By DAVID BELL IN WASHINGTON, Feb. 13

RELATIONS between Israel and the U.S. are now almost certainly worse than at any time since the Begin Government took office in Jerusalem nine months ago.

This is not to say that they have yet reached the "crisis point" that many observers have been predicting for many months. But a number of factors have combined in the past two weeks to throw the Israel lobby in the U.S. on to the defensive and this appears to have encouraged the Administration to step up its pressure on Mr. Begin.

Israel has reacted immediately to this change. This morning, in a newspaper interview, Mr. Moshe Dayan, the Foreign Minister, said that as a result of the U.S. position on settlements in the Sinai and the West Bank, Israel would now have "a substantial reservation about the present Administration's role as an impartial objective mediator between us and the Arab countries."

But the settlements, important though they are, are really the symptom of a more profound change in the U.S. and it is this which has worried Israel and her powerful friends here. This change is only in its infancy and support for Israel remains very strong, but it has already become very much less unconditional.

The most obvious cause of this has been the impact that President Sadat has made on public opinion here. For the first time, an Arab statesman is, according to the polls, regarded with the same respect as his Israeli counterpart. The Egyptian president has played to the American gallery to great effect and the same polls now show that a narrow majority of Americans believe that Israel may actually be a greater obstacle to peace than Egypt.

This in turn has made it easier for the Administration to propose limited arms sales to Egypt. Mr. Hill and his Israeli rivals and even staunch defenders of Israel emerged from their talks with him saying that perhaps limited arms sales to Cairo would not be a bad thing.

The difficulties in persuading Congress to approve such a sale, however, are still fairly formidable. A number of important senators are still opposed to this kind of assistance to Egypt. But even if Congress did block a sale it would not be the end of the story.

The Carter Administration was very angry last week when Israel publicly admitted that it is supplying arms to Ethiopia. It was not much less displeased at the news last week that, at the same time, Israel is actively seeking closer trade and other ties with South Africa. Both actions are expected to prepare the ground for a further round of ministerial discussions to take place before mid-summer.

Before any new initiatives could be taken decisive progress must be made to narrow the present gulf between the Egyptian and Israeli positions.

In the past few weeks officials from Vice-President Mondale downwards have been holding secret briefings sessions with American Jews and congressional friends of Israel to make sure the Administration's case is fully understood.

This evening, however, the arrival of Mr. Hamilton Jordan, President Carter's chief White House aide, who has been given special responsibility for the political impact of Middle East policy.

The result has been to make some of the chairman's statements already have been made over the settlements. It is also clear that the American Jewish community, which included some permanent Israeli settlements in occupied territories, was a key factor.

In any event, this time the Administration has already launched a "presumptive strike" to convince Israel's American friends that the Carter Administration has been honest over settlements. Last October, sudden announcement of joint U.S.-Soviet decision at the United Nations provoked a storm of criticism from the American Jewish community.

But in the past few weeks

officials from Vice-President Mondale downwards have been holding secret briefings sessions with American Jews and congressional friends of Israel to make sure the Administration's case is fully understood.

However, as far as the settlements are concerned, the approach may not have been successful. Observers fear that the administration has played into Mr. Sadat's hands and that the U.S. administration's attempt to make friends of the American Jewish public relations

is failing. However, the administration has also been making progress in the settlement of the

Israeli-Government's case in the court.

And this time—the only time—American public opinion is much less confident that Israel is in the right. This is a point which Israel may have much to do with.

As a result, the American public's attitude has changed.

Now, the American public's attitude has changed.

# Progress made on Namibia, West insists

UNITED NATIONS, Feb. 13.

FIVE Western Security Council members, brushing aside uprisings withdrawal of Mr. Botha, the South African Minister, to-day insisted that had been made in talks on Namibia (South West Africa).

Botha cut short weekend sessions with the foreign ministers of the United States, Canada, France and Germany and was to-day home to report to his

Ambassador Mr. Donald McHenry, spokesman for the American team, said Mr. Botha them he had reached the of his instructions in the of independence for his

from South Africa. Press conference, the foreign ministers said pre-

had been made towards the week-end talks.

He said South Africa and Swapo disagreed over the strength, location and deployment of the South African force in Namibia and over the proposed U.N. military presence there.

The South Africans did not move from their position that they must retain about 3,000 troops in eight or nine bases, although Swapo shifted its position by no longer insisting on a total South African military withdrawal.

Vance, the U.S. Secretary of State, said: "I would on the whole I think we made some progress." Dr. of Britain, Mr. Jimison of Canada, Hans-Dietrich Genscher of Germany and M. Louis de Gaulle of France each

expressed his view.

Vance said the talks began last Thursday at level of officials, had been useful. But he said there some difficult issues still resolved.

Owen said the differences between South Africa and we are not so great that it impossible to close the gap.

Vance said both parties made concessions and administrator-general seemed

expressed a willingness to narrow. But the release of prisoners was a difficult issue, there is going to be Mr. McHenry reported.

Reuter

retoria may proceed on 'internal' option

BY QUENTIN PEEL IN WINDHOEK

TH AFRICA might be in a But it has also been to proceed rapidly with vehemently opposed by the programme for an "internal country" most influential church in Namibia (South leaders, who claim that it would in the wake of the only prolonging the guerrilla war on the country's northern border and would lack the support of the majority of the population.

Judge Steyn said that in spite of the security problem in the country with two SWAPO

most widely recognised nationalist movement but would open elections on a one

one vote basis involving all the other parties inside country.

The first move might be the announcement of an election date in the middle of the year.

Followed by the handing of the internal wing of SWAPO, according to observers here. Such a has been demanded by theers because of the national movement's simultaneous

demands in peaceful campaigns and guerrilla warfare on the border.

The internal alternative has been obvious for the African Government about the Western initiative for an internationally stable settlement, first

shod last April. The policies were rechristened by a M. T. Steyn, the South

and appointed Administrator

in the territory in an view here which coincided the New York talks.

Reuter

calm returns to Beirut

Y HSAN HIZAJI

BEIRUT, Feb. 13.

THE FIRST time in almost a measure of normality to-day. Travellers from the area went on unabated heavy artillery exchanges had been raging since the early hours of the day. The Palestinian-dominated Moslem town of Nabatiyeh about nine miles from the Israeli border, was worst hit. Right-wing Christian forces in the stand-dominated part of the Beirut area have decided to keep their militias mobilised. They last week between Syrian and Christian militiamen in South Lebanon who were battling Syrian forces in the war between Right forces and Palestinian

Begin smoothes edges of US.-Israel clash

BY DAVID LENNON

TEL AVIV, Feb. 13.

TEL TO-DAY indicated that towards the peace shuttle of the U.S. to continue its mediating role in the Middle despite the feeling that Mr. Vance, the Secretary of State, has compromised the U.S. as honest broker.

Mr. Atherton, is expected in the region next week to try to bring about Egyptian and Israeli agreement on a declaration of principles for a Middle East settlement.

There was a feeling in Jerusalem that the erosion of American support for Israel had accelerated following the visit to the U.S. of President Sadat. Sunday's sharp Cabinet declaration was designed to express Israel's discontent with the latest developments.

But to-day Mr. Begin went out of his way to try to defuse the clash and halt the deterioration in relations. He stressed that Israel had good relations with the U.S. and did not expect them to be harmed by the latest dispute.

ON OTHER PAGES

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## CUBA AND THE HORN OF AFRICA

# 'No invasion of Somalia'

BY HUGH O'SHAUGHNESSY IN HAVANA

CUBAN OFFICIALS are hinting revolution." At the same time, imperialism." As far as the war in private conversations here the Cuban media report that 350 in the Ogaden is concerned no members of the Ethiopian reference is being made in the Popular Revolutionary Party Cuban media to direct Cuban Horn of Africa, the Cubans which is described as "counter military involvement though revolutionary" and composed of President Fidel Castro has said that Cubans are acting as military advisers to the Mengistu government in a diplomatic capacity. No reference has been made either to any Israeli help before neighbourhood tribunals or to the Mengistu government.

The Cuban media report that the Ethiopian Bureau for the Organisation of the Masses is starting preparatory work on the founding of a party based on Marxism-Leninism. Cuban official news agency Prensa Latina reports from Addis Ababa that "aggressive political organisations are agreed such a party which in previous years, for being manipulated by the forces of Left

ideology."

The Cuban Press has been critical of the Eritrean insurgents whom Cuba had assisted

During his visit to Addis Ababa last March, Castro floated the idea of a confederation of Left-wing states in the region.

Confidential says

independence

&lt;p



## HOME NEWS

## EEC looks at Bank defence on 'closed shop' accusations

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

DETAILED DEFENCE by the Bank is implausible, that the arrangements are not taken to stimulate output. Mr. Peter Shore, Secretary for the Environment, heard yesterday.

He met representatives of the construction industry and its associated professions and was told by Mr. George Henderson, of the Transport and General Workers Union, that unemployment in construction remained grave.

The Bank's submission, more than 50 pages long, was sent to Brussels on January 20. It is a response to a request for further information by the Commission, investigating since the summer a complaint by Sarabex, money brokers with Middle East connections, that the right to establish in the London market is effectively denied to foreign brokers in the EEC countries.

It has been asked to justify the maintenance of procedures for admission to the London foreign exchange market which are not subject to full public disclosure.

While the additional information to the Bank appears to have gone some way to satisfying the Commission, there was no confirmation in Brussels of suggestions in London that the matter might be decided in the next two weeks. Some EEC officials hinted that it would take considerably longer.

The Commission is believed to be concerned about acting too hastily because it is uncertain whether similar arrangements exist in other EEC countries for regulation of foreign exchange markets.

If it were to challenge the arrangements formally, and there is no evidence that it will do so, it could be drawn into similar cases in other parts of the EEC without adequate preparation.

In a more general way, the Commission is acutely aware of the hostile public reaction in Britain to other recent EEC competition cases, notably the decision against the Distillers Company's dual-pricing system, and its inquiries into the temporary employment subsidy, and is sensitive about embarking on new actions which could excite a similar response.

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CIVIL engineering industry could lose up to 50,000 jobs if urgent Government action is not taken to stimulate output.

Mr. Peter Shore, Secretary for the Environment, heard yesterday.

He met representatives of the construction industry and its associated professions and was told by Mr. George Henderson, of the Transport and General Workers Union, that unemployment in construction remained grave.

The industry delegation had asked Mr. Shore to impress upon him that, in spite of the injection of £400m. into the construction sector's workload due to take effect from this April, more work was urgently

needed now.

The delegation said that it wished to see Budget measures to stimulate private investment in construction and further increases in public expenditure to make up for the recent heavy cuts.

The industry delegation had asked Mr. Shore to impress upon him that, in spite of the injection of £400m. into the construction sector's workload due to take effect from this April, more work was urgently

needed now.

The delegation said that it wished to see Budget measures to stimulate private investment in construction and further increases in public expenditure to make up for the recent heavy cuts.

Mr. Shore asked for another meeting with the group, which will consider the future of the industry and its likely workloads, rather than the more immediate problems discussed at yesterday's talks.

Labour troubles have prevented the £38m. dock from opening since its formal inauguration by the Queen in August.

The first ship is expected at Portbury by the weekend, though

CAST, the Montreal-based container line, confirmed last night that it is to switch its U.K.

direct port of call service from

Seaford, Liverpool, to Royal

Portbury, Bristol, after the decision by dockworkers at the Avonmouth port to lift their ban on

operations.

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Portbury by the weekend, though

CAST said last night that its future use of the port would be determined by the quality of

price and service it received.

It will use the roll-on/roll-off

and container facility at Port

bury, which is to be managed

and marketed by South West

International Freight Terminal,

a subsidiary of the Swedish Tor

Line.

This point has also been made,

in an elliptical way, by the

Japanese. The Japan Auto-

mobile Manufacturers' Association

has responded with some alarm

to the critical Press comment in

Western newspapers about the

apparent breakdown of the

voluntary understanding on

Japanese trade.

Although this is a tougher line

against voluntary curbs than the

Japanese have taken in the past,

the U.K. negotiators appear to

have come away with the impres-

sion that the Japanese will not

pursue an aggressive sales policy

in Britain this year.

This point may be followed by

further meetings with Mr.

It will be sounding out the

Japanese position through diplo-

matic channels before deciding

whether to toughen its stance on

Japanese trade.

Mr. Dell gave some indication

of a hardening of attitudes during

a television interview at the

week-end. But the Government

remains reluctant to take formal

action against the Japanese

manufacturers, who are highly

dependent on export trade, think

could do to international trade.

THE COLLAPSE of a contract

with Turkey because of that

country's economic crisis has

caused the loss of 310 jobs at

the Bradford tractor plant of

International Harvester of Great

Britain.

The cut, involving about 18

per cent. of the 1,700-strong

workforce, comes just after

International Harvester has com-

pleted a £2.5m. expansion and

modernisation programme at

Bradford, stimulated mainly

by the Turkish deal.

There is further irony in the

fact that the redundancies had

been announced at the same

time as the company disclosed

its finance future exports to

Turkey, redundancy will take

effect on May 12.

Sales of £136.57m. were 29

per cent. ahead. Net profits were

just over £5m. Sales to the U.K.

market were up 18 per cent. at

£48.8m., while export sales rose

35 per cent. to £51m.

Agricultural tractors and

equipment accounted for 58.7

per cent. of total sales and

industrial and construction

equipment for 16.3 per cent.

Capital expenditure during the

financial year was £5.9m.

International Harvester is a

subsidiary of the Chicago-based

group of the same name, and is

not affected by the collapse of

the Turkish deal.

Efforts have been made to fill

the gap but, as there is no pos-

itive, to be announced at the

same time as the company disclosed

its finance future exports to

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effect on May 12.

Mr. Larry Abbott, Interna-

tional Harvester's managing

director in the U.K., says in a

message accompanying the

annual results that the group

improved its share of the impor-

tant-wheeled tractor home mar-

ket.

It is continuing to recruit at

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## HOME NEWS

## Shortage of factory space increases

By John Brennan,  
Property Correspondent

THERE is an increasing shortage of modern factory and warehouse space, according to a survey of the industrial property market published to-day.

The quarterly industrial property availability survey prepared by King and Co. shows that there were 73.5m. square feet of industrial space on the market in England and Wales in mid-December.

A total of 31.3m. square feet of warehousing was empty, 4 per cent. less than in the previous quarter, and 41.2m. square feet of factory space was available, 51 per cent. down on the August figure.

Empty space represented less than 3 per cent. of the national stock of industrial property. Much of the available space was in older buildings possibly unsuitable for modern industry.

About 30 per cent. of available factories and 43 per cent. of warehouses were ten or more years old.

Private developers were on a level with state authorities as far as new factory buildings were concerned.

Private developers have shown a strong preference for more easily let warehouse schemes and are responsible for 16 per cent. of the modern factory buildings now on the market.

## Stainless steel company collapses

By Our Glasgow Correspondent

A SECOND company backed by the Scottish Development Agency has collapsed. A receiver has been appointed to the small Perth engineering group of Triadynamics, Machines and Patents and its two subsidiary companies.

The company, which makes stainless steel components and employs 28 people, is continuing to trade.

The agency said last April that it had invested £100,000 in the company, half in shares and half in the form of a loan. The share capital has been lost, and the agency will recover only part of its loan capital if the receiver sells the business.

Inesco Electronics, based in Glenrothes, Fife, also went into liquidation last April.

## Rate rises expected to pass 10% target

BY DAVID CHURCHILL

RATE RISES for many households in England and Wales this year seem likely to be above the 10 per cent. target set by the Government, according to statistics yesterday provided by the Association of District Councils.

Provisional rates notified by 47 district councils suggest that domestic rates will increase by an average of 12.4 per cent. The largest increase was over 23 per cent. from a district council in North Yorkshire.

Mr. Peter Shore, the Environment Secretary, predicted average rate rises of less than 10 per cent. when he announced the Government's rate support grant last November.

Last month he admitted that the "Government is well aware that to maintain services at current levels many authorities will need to increase rates

in double rather than single figures."

Although only 47 of the 333 district councils in England and Wales had reported their likely rate precepts to the Association of District Councils, the trend is not expected to change significantly when all rate precepts are known.

**Powers review**

If anything, the early returns tend to report marginally lower increases than those likely from councils still to make a decision.

Average rises of about 13 per cent. are expected when the association has more complete figures early next month.

The association said yesterday that it would meet two senior Cabinet Ministers next month to discuss proposals to

return to cities some powers lost in the 1974 Conservative local government reorganisation.

The meetings will be with Mr. William Rodgers, Transport Secretary, and Mr. David Ennals, Social Services Secretary.

These two, with Mr. Shore and Mrs. Shirley Williams, Education Secretary, have been asked by the Prime Minister to study what changes are necessary in the short term to restore the balance caused by the 1974 reorganisation.

The association emphasised yesterday that it sought restoration of responsibility covering only personal social services, non-strategic planning, and highways and traffic management for some district councils. It was not seeking a return of education powers.

## 'My firm was used,' Altman claims at currency trial

Mr. Lewis Altman told Guildhall court yesterday that he and his stockbroking firm had been "used" by others in a multi-million pound international currency fraud.

Mr. Altman, head of Lewis Altman and Company, was asked by Mr. Michael Worsley, prosecuting, "Do you agree that there was a revolving fund fraud using your firm for the purpose?"

He said: "With hindsight yes—but not involving either my company, myself or my partner Robert Carnes. We were used."

Altman aged 59, and Carnes, aged 31, face a total of 32 charges and plead not guilty to conspiring with London solicitor Judah Binstock and a number of others between 1974 and 1975 to contravene the Exchange Control Act and to obtain investment currency premium on millions of pounds which were not entitled to the premium.

Mr. Worsley claimed that the defendants and a group of businessmen had operated a "revolving fund exchange con-

tract" and to obtain investment currency premium on millions of pounds which were not entitled to the premium.

Mr. Worsley claimed that the defendants and a group of sh

ould have been included in the documentation. But he had been working from a 1964 instruction

The case continues to-day.

Mr. Worsley suggested that the draft of this letter was a forgery made in 1976 to deceive the Treasury.

Altman replied: "If that was the case I would not be sitting here now—I would be sitting in the sun with the other conspirators." He said he had helped to draft the letter because he had asked for it and he knew what documentation his firm required.

Altman then denied arranging "put-throughs"—transactions in which a broker with two clients wishing to buy and sell similar blocks of shares fixed the deal through a jobber who need not

be a member of the stock exchange.

The case continues to-day.

## Retailers' guide to selling law

A REVISED version of a free terms Act 1977, effective from February 1, as well as the Supply of Goods (Implied Terms) Act 1973, it explains how the new legislation, the rules for goods which are hired, exchanged or supplied under a contract for work and materials are brought closely into line with those for goods which are sold or hire-purchased.

It describes the buyer's rights.

It also explains that under the new legislation, the rules for

the changes affect the retailer and customer.

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# One doesn't have to be successful to have style.



## But it helps.

The world of fine luxury cars has produced many brilliant examples. At BMW we felt it would be unnecessary and prohibitively expensive to create a car with even more luxury than the best available at the moment.

The concept design basis of the BMW 7 Series was not, therefore, to produce simply another exceptionally comfortable car, but one with a dynamic and refined performance.

**Luxury**  
The first impression one has when looking at one of the 7 Series is a car of exceptional yet quiet beauty, of disciplined power and of engineering and coachwork of the very highest quality.

Sit in the car and one immediately has the feeling of absolute comfort and excessive spaciousness especially in the back. The seats are anatomically designed for both comfort and support. The driver's adjusts for reach, angle and height.

Heating and ventilation is very sophisticated and can be finely set. Pneumatically controlled, warm and cold air are pre-mixed and delivered in three controllable zones - face, body and feet. Air directed at the face is about 8% cooler than air to the feet, so the ideal of 'cool head warm feet' is achieved. In the 730 and 733i the rear passengers have their own independent heating and ventilation which they control themselves. Ventilation is also channelled into the front side windows for immediate demisting.

**Quietness**  
Quietness is now quite outstanding. Wind noise has been drastically cut by aerodynamic design and closer bodywork 'fit', and engine noise is even lower due to new sound damping.

In the areas where luxury cars excel - design, quality, comfort and quietness - the 7 Series has found new and better technological answers.

### Performance

Most luxury cars are heavy and, whilst being fairly fast in a straight line, have neither good handling nor 'agility.' They are passive rather than dynamic cars. This is not the case with the 7 Series.

The chassis combines two apparently contradictory extremes - luxurious ride with exceptional handling. The new front suspension allows softer ride whilst giving better stability with less 'dive' and 'roll.' At the rear the race proven semi-trailing arm is used. All wheels independently and correctly align themselves for the best possible ride and hold on the road regardless of the surface or camber.

Once in the car one realises that the cockpit is totally driver orientated. Seat and steering can be adjusted to any driver for maximum comfort and ease of control. Considerable research has gone into the layout and has resulted in a 'wrap around' console. All dials are equi-distant from the driver's eye, all controls come immediately to hand.

As soon as one drives the car one understands the advantages of the BMW philosophy of making the driver the essential element of car design. Stress and difficult situations are reduced and the pleasure of being able to drive both courteously and as one pleases is very rewarding.

### Safety

The core of the 7 Series 'passive safety' is the passenger compartment. This rigid cell with its integrated roll over bar, longitudinal and vertical supports remain intact on impact when the front or rear safety zones absorb energy. Inside the car, padded upholstery has been developed into a complete protective system. It operates at three different levels - face, shoulder and below window level with different forms of padding to give maximum protection.

In 'active safety' terms the driver is the essential element. So everything is designed, researched and developed to make his task simpler and more efficient.

The 7 Series incorporates many highly advanced, technological improvements to help prevent the worst happening. The most important being the new 'double pivot' front suspension. This gives exceptional directional stability - should one wheel hit slush, or a tyre burst, the car will remain on line.

This stability allows a new dual braking system - if there is a failure the car brakes on one front wheel and the opposite rear wheel which, with the new front suspension, eliminates slewing.

### Driving Pleasure

The 7 Series combine performance and comfort in a way that no other cars have done before. A passenger has all the luxury, the smoothness of ride and the quietness to make any journey a pleasure. The driver has the effortless power and performance which encourages a new spirit of driving.

This, then, is the new BMW 7 Series range. Cars in the very highest luxury class with sophisticated, refined and powerful performance. A unique and exceptional choice amongst the world's greatest cars.

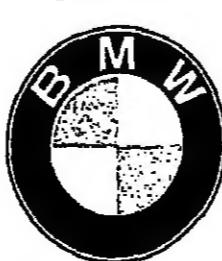
### Performance glossary (Manual figures only. Source BMW)

728: 2.8 litres, 170 bhp, 0-60 in 10 secs, max 120 mph  
730: 3.0 litres, 184 bhp, 0-60 in 9.4 secs, max 125 mph.  
733i: 3.3 litres, 197 bhp, 0-60 in 8.9 secs, max 128 mph.

Prices: 728: £8,950.00. 730: £10,540.00. 733i: £11,550.00.

All prices correct at time of going to press.

**Leasing:** In today's financial conditions, leasing a BMW can create substantial advantages. Your BMW dealer will be happy to put you in touch with expert advisors on leasing who can describe the schemes in detail.



## The new BMW 7 Series. For the joy of motoring.

BMW Concessionaires GB Ltd, 991 Great West Road, Brentford, Middlesex. 01-568 9155. Export, NATO & Diplomatic: 56 Park Lane, London W1. 01-629 9277.

# APPOINTMENTS

## OVERSEAS DEVELOPMENT

KNOW-HOW vital to developing countries

### Chief Financial Officer

Water Supply and Sewerage Project

Nepal

To prepare annual budget together with prediction of long term capital and operating expenditure; staff training requirements; continuous review of actual against budgeted expenditure and control of internal accounting and auditing methods. Applicants should have professional qualification and financial methods practised in public utilities.

Appointment 2 years. Salary (UK taxable) to be arranged plus tax free overseas allowance in range £740-£2,400 p.a. (Ref. 328 D)

### Investment Adviser

(National Development Bank Ltd.)

Sierra Leone

To up-grade quality of project appraisal and supervision; identify and prepare industrial and agricultural projects for financing; train local staff and assist Director of Finance.

Applicants 40-55 must have good degree in Finance, Economics, Business Administration or Commerce, with good experience in Development Finance Company or Investment Banking Institution.

Appointment 2-3 years. Salary (UK taxable) to be arranged plus tax free Overseas Allowance in range £1,455-£3,345 p.a. (Ref. 328 D)

### Cost Accountant

Industrial Services Institute (ISI)

Thailand

As a member of International team: duties will include planning and implementation of training programmes and seminars for local personnel and also extension schemes. Applicants must have university degree in Accountancy, Economics, Business or Financial Administration or diplomas or equivalent professional qualification, with wide experience in Industry, in fields of costing, financial management and administration.

Appointment 2 years. Salary (UK taxable) £9,500 plus tax free overseas allowance in range £1,390-£3,085 p.a. (Ref. 328 D)

The posts are wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.

For full details and application form please apply, quoting reference stating post concerned, and giving details of age, qualifications and experience to:-

Appointments Officer,  
MINISTRY OF OVERSEAS DEVELOPMENT,  
Room 301, Eland House,  
Stag Place, London SW1E 5DH.

HELPING NATIONS HELP THEMSELVES



## Millbank Technical Services

### COMPANY SECRETARY

circa £9,000

The expansion of sales of defence equipment to overseas governments and the associated growth of our UK and overseas based operations necessitates the creation of a new appointment as Company Secretary, based at its head office in Victoria.

The person appointed will act as Secretary to the Board and provide a service to the Chairman and Chief Executive on all aspects of the Company's statutory and legal obligations and will, in addition, be expected to assume responsibility for a range of management functions associated with the administration of the Company's head office, the operation and development of a management information system and the co-ordination of P.R. activities.

Applicants, ideally Chartered Secretaries or legally qualified, must have had at least 5 years' experience in the Secretarial function at a senior level in a medium sized firm, preferably in a comparable field of activity. Experience in dealing with government departments would be an added advantage.

The Company operates a non-contributory pension scheme. Annual leave is 5½ weeks.

Applications giving career details should be sent to the Personnel Director at the address given below, quoting reference ADM/2/78/FE by 27 February.

Millbank Technical Services Ltd.,  
4 Abbey Orchard Street,  
London SW1P 2JJ.



Harris & Partners, an international firm of Consulting Engineers with worldwide associations, have immediate vacancies (male or female), both in London and Overseas (single status) for:

### SENIOR COST/SYSTEMS ANALYST — B.Sc./M.I.C.E.

Required for a leading role with a team developing parametric cost estimating and planning relationships plus other budget forecasting techniques for large overseas civil engineering projects. The successful candidates must have upwards of 15 years experience with a strong background in study work on project management problems using computers. The depth of experience required calls for a Graduate currently earning up to £10,000 per annum.

### ANALYST/ENGINEERS

Vacancies also exist for Graduates with a minimum of three years experience on cost/budget and planning techniques to join as members of the development team.

Please write with full career details quoting LO/12 to The Manager, Personnel Department,

**Harris & Partners**  
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York House, 199 Westminster Bridge Road,  
London, SE1 7UL

## GENERAL MANAGER

### International Operations Assignment

An aggressive, medium-sized, USA, independent oil company has an immediate position available in an attractive foreign location for an individual with a college degree or equivalent in Geology or Petroleum Engineering and at least 20 years varied oil and gas experience. Specific experience must have included recent line management responsibility for a foreign exploration and production operation including responsibilities for direct interface with foreign government officials. Ability to speak and read French will be a definite asset. The position is responsible for management of a current exploration operation now in advanced stages with potential for future growth if production operations can be developed.

For immediate and confidential consideration, forward your resume complete with salary history, availability, and geographical preference data to

Box F602, Financial Times  
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We are an established life and pensions office of high repute and with funds in excess of £400m.

To strengthen our pensions documentation team we are looking for experienced documentation specialists to join us at our new Bristol Head Office.

Successful candidates will have an extensive knowledge of pensions legislation and have specialised in drafting and negotiating Group Pension Scheme documents. They will also be experienced in advising brokers and customers on the legal, taxation and Social Security aspects of pension schemes. In addition, A.C.I.L (Life) or a legal qualification is desirable but not essential.

The starting salary will depend on relevant experience and qualifications. First-class employee benefits include assistance with house purchase, a non-contributory pension and life assurance scheme, subsidised restaurant, social club facilities and flexible working hours. Pleasant working environment in modern offices. Relocation expenses and legal fees will be paid where appropriate.

Please apply in writing enclosing a curriculum vitae to:

Miss J. C. Dideck  
Personnel Department  
CLERICAL, MEDICAL & GENERAL  
LIFE ASSURANCE SOCIETY  
Narrow Plain  
Bristol BS2 0JH  
Tel: Bristol (0272) 290566 Ext. 472

### ART GALLERIES

ADNEW GALLERY, 121, 123, 125 Old Bond St., W1, 01-529 3172, 105th ANNUAL WATERCOLOUR EXHIBITION, Until 25 Feb.

GOLDHORN, 14, Old Bond St., W1, 01-529 3172, 10th Annual Exhibition of Works by LOS ANGELES RICCI, 8-10am, Daily, 10-6pm, Sat. 10-1pm.

WATERCOLOURS IN THE MALL, 10th Floor, 100 New Bond St., W1, Daily, 10-6pm, Sat. 10-1pm.

THE PARSON GALLERY, 3, Albany Street, Piccadilly, W1, Exhibition of Old Master, Military and Sporting Paintings and Watercolours.

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THE PARSON G

## LABOUR NEWS

## ACAS must face court challenge on union ruling

CHRISTIAN TYLER, LABOUR EDITOR

ALL company supplying Lord's accessories is challenging the agency's recommendation of union recognition by the Conciliation and Arbitration Service. A case arises one of the most controversial aspects of ACAS's action work—the size of bargaining units. Many employers have objected that its recommendations fragment their bargaining arrangements.

A private hearing in the Court yesterday Mr. Justice M. had an arguable case and in ACAS's request to have action against it struck out. ACAS acted outside its remit in recommending collective bargaining rights for the Transport and General Workers' on behalf of 26 women assemblers at its depot in near Leeds. A writ issued last October said ACAS should have informed all 170 of its workers, not the manual workers, whom has other depots at and Retford, Notts.

A judge directed that a trial be held quickly. It is set in two months. ACAS report of last year said that there were 58 as at Morley, and it decided to review them all. The union that the packers assemblers considered as a separate unit, the company said they part of a whole. According to ACAS, the company said bargaining would fragment the existing system.

AS found that the packers "clearly" distinguishable by the nature of their work. Ten said they wanted to be part of the union, five against and two were undecided. Sixteen were members of TGWU.

The other 30 workers, however, only one wanted the union, seven said they would join a union was recognised.

A difference between this and Grunwick, which ACAS is appeal to the House of

## Merseyside car peace bid in talks with strikers

BY PHILIP BASSETT, LABOUR STAFF

FRESH EFFORTS will be made to settle the strikes that with the backing of the AUEW as well as the TGWU have halted production at the AUEW's two main car plants. Leyland must agree to their interpretation of a disputed work procedure agreement which has caused the Speke strike, which is in its 16th week.

But Leyland, which hopes that the unions making the strike will lead to a return to work, seems determined not to agree. Mr. Lowry has said what has been feared since the strike began, that it is doubtful whether it is worth keeping the plant open.

The meeting will not be held until after an executive council meeting of the AUEW. Mr. Duffy said that the union would follow the line drawn by the TGWU last week and declare the Speke strike official.

ACAS has recommended recognition by the AUEW, granted. Of those 452 had been settled by conciliation or after an inquiry and draft report. In 245 cases the employer had granted recognition.

ACAS said: "In the vast majority of cases employers have given full co-operation."

## Pottery union puts in 10% pay claim

THE CERAMIC and Allied Trades Union, which has 81,000 members in the pottery industry, yesterday put in a 10 per cent pay claim.

The claim, which the union says is within the Government's wage guidelines, also includes existing rate consolidation and a self-financing productivity deal.

## Tether hearing

THE INDUSTRIAL tribunal hearing of the claim by Mr. C. Gordon Tether that he was unfairly dismissed as a Financial Times columnist, continued in private yesterday and is expected to continue today.

## How to increase the value of your legacy?

You must naturally be concerned to ensure that your request achieves the maximum benefit, and that it is not eroded by inflation.

Help the Aged shares your concern and does a great deal to meet it.

First, the charity mobilises hundreds of devoted volunteers at home and abroad—including retired people with special skills. They enable us to achieve much with every £1 entrusted to us.

Then we place great importance on taking the initiative and helping self-help work—to build Day Centres where old people find friendship, Work Centres for those intent on keeping active, Feeding Centres for the hungry overseas, and Day Treatment Hospitals here in Britain.

Among the well-known people who endorse the value of a legacy to Help the Aged are Lord Shawcross, Lord Gardiner (the charity's president), Dame Vera Lynn and General Sir Brian Horrocks.

Write or phone for interesting and helpful booklets on making wills, and on reducing the impact of Capital Transfer Tax (Estate Duty). Free on request from The Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT2L, 32 Dover Street, London W1A 7JZ. Telephone: (01) 499 0972.

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## Building the Pyramid in Birmingham.

Since 1912 the Bankers Trust Pyramid has symbolised our commitment to financing industrial growth.

It was a commitment that quickly spread abroad.

By the 1920's, Bankers Trust branches in London and Paris were doing a brisk foreign exchange business and engaging in numerous international loans.

Today, our commitment has expanded through an international network covering 35 countries.

Our clients include corporations, financial institutions and government bodies in virtually every country in the world.

During our half-century in Britain we've forged strong links with international companies throughout the country.

Our experience has shown British business more than willing to take advantage of new opportunities, particularly if the economic climate encourages investment and profit.

To back it, we have 700 staff here providing sound, professional financial services. In such areas as foreign exchange, trade, commodities, insurance, energy and pension fund management.

Their achievements strengthen our belief in the abundance of creativity in Britain. It is also the reason why we have a thriving,

## Journalists fined for working during strike

By Our Labour Staff

THE OXFORD district of the Transport and General Workers' Union has recommended removal from office of two of its leading shop stewards at British Leyland's car plant at Cowley. Mr. Alan Thorne and Mr. Frank Corti.

Mr. Evans is still considering a request from Halewood shop stewards to make their strike official.

Production was threatened at Vauxhall Motors at Luton yesterday when 300 cleaners voted to continue their five-day strike over pay.

They say that their action could threaten 25,000 hourly-paid workers with lay-offs. But a Vauxhall spokesman said that no lay-offs were contemplated last night.

Talks between Leyland management and senior TGWU officials will be held to-day to discuss Leyland's refusal to accept Mr. Thorne as a deputy senior steward after he was elected by ballot in December.

Investigation

A six-man team from the TGWU Midland region committee is to visit Oxford on February 27 and 28 to investigate incidents which led to the recommendation by the Oxford district committee of removal of Mr. Thorne and Mr. Corti from office.

Mr. Thorne and Mr. Corti have received letters recommending their expulsion from the union, but the TGWU said that they were sent out in error.

All were accused of conduct All were accused of conduct detrimental to the union by failing to obey a national executive instruction to withdraw their labour.

The National Union of Journalists has also dealt with 91 other members of the union alleged to have ignored an instruction to strike in May in support of the five-month-old strike at the Evening Telegraph at Kettering.

Fines were imposed on 89 of them. One case was dismissed and "no further action" was decided upon in another case. Several other journalists alleged to have ignored the union's instructions on this occasion remain to be dealt with.

Duncan and Burrell, although banned by the Labour Party from attending the party conference in October, covered the conference by watching television coverage and talking to MP's outside the conference hall.

MR. ARTHUR SCARGILL, Yorkshire miners' president, said yesterday that the Yorkshire area council would accept the 10 per cent wage offer if the national executive committee accepted it at its meeting on Thursday.

But he said, Yorkshire leaders would continue to press for £135 a week for coalface workers.

Scargill—we'll take 10%, but...

## Detrimental

The London journalists of Westminster Press returned to work in December and those at Darlington went back the following month.

An NUJ disciplinary committee has imposed fines of £100 each and three months suspension on Duncan, Burrell and Spark and a fine of £100 and six months suspension on Asserbohn.

Lord Allen told the Mirror's editor: "I was shocked to think that the Daily Mirror should publish such sweeping allegations as those contained in your £1 million robbery feature without producing any evidence that these dishonest practices are anywhere near as widespread as you state."

He said that the Mirror should print a retraction or else give proof of its allegations that two-thirds of supermarket thefts are "inside jobs" and other claims about the proportion of staff involved in dishonesty.

Lord Allen added: "To quote as you do, an unidentified ex-shop steward, to publicise his estimate of the extent of crooked dealing by both managers and their staff as if it were your state, is grossly misleading and totally unjust to the overwhelming majority of honest store managers and sales staff."

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## DATA PROCESSING BASF disc launch sets a pattern

IN LAUNCHING its top end of depending on the way they need the range computer disc drives to be coupled and the control of the fully enclosed type last week (using the so-called Winchester technology), BASF is presenting a challenge to IBM. The 6250 disc packs can only be removed from the drive by a field engineer.

The Winchester technology, on which BASF has improved, is that of the combined disc pack and drive, in which the parts contain both disc and read/write heads. This allows the packs to be sealed, which, because it removes the possibility of stray dust, hairs and grease marks, allows for reduction in the space between heads and the disc media. Such a reduction in separation, of course, is essential when trying to increase both speeds and life.

BASF claims a data transfer rate some 25 per cent faster than with the IBM equivalents. The six models in the BASF 6250 family consist of three fixed-head drives of zero access time, for the future of high-technology peripherals, it could become difficult to live with even for IBM units, the model selection and CDC.

## Tape stores the data

DATA WRITING equipment, the UDS 5,000D, which uses paper tape as the storage medium, has been launched by Ultronic Data Systems, a Dowty Group company.

The new machine is particularly suited to the preparation of line, 10 pitch. Codes are BCD or ISO, and the machine will operate with all normal grades of works orders, invitations to tape. The punch incorporates full tender, and customs and shipping documents which contain a high degree of prescribed information and format, and hence large amount of repetitive typing.

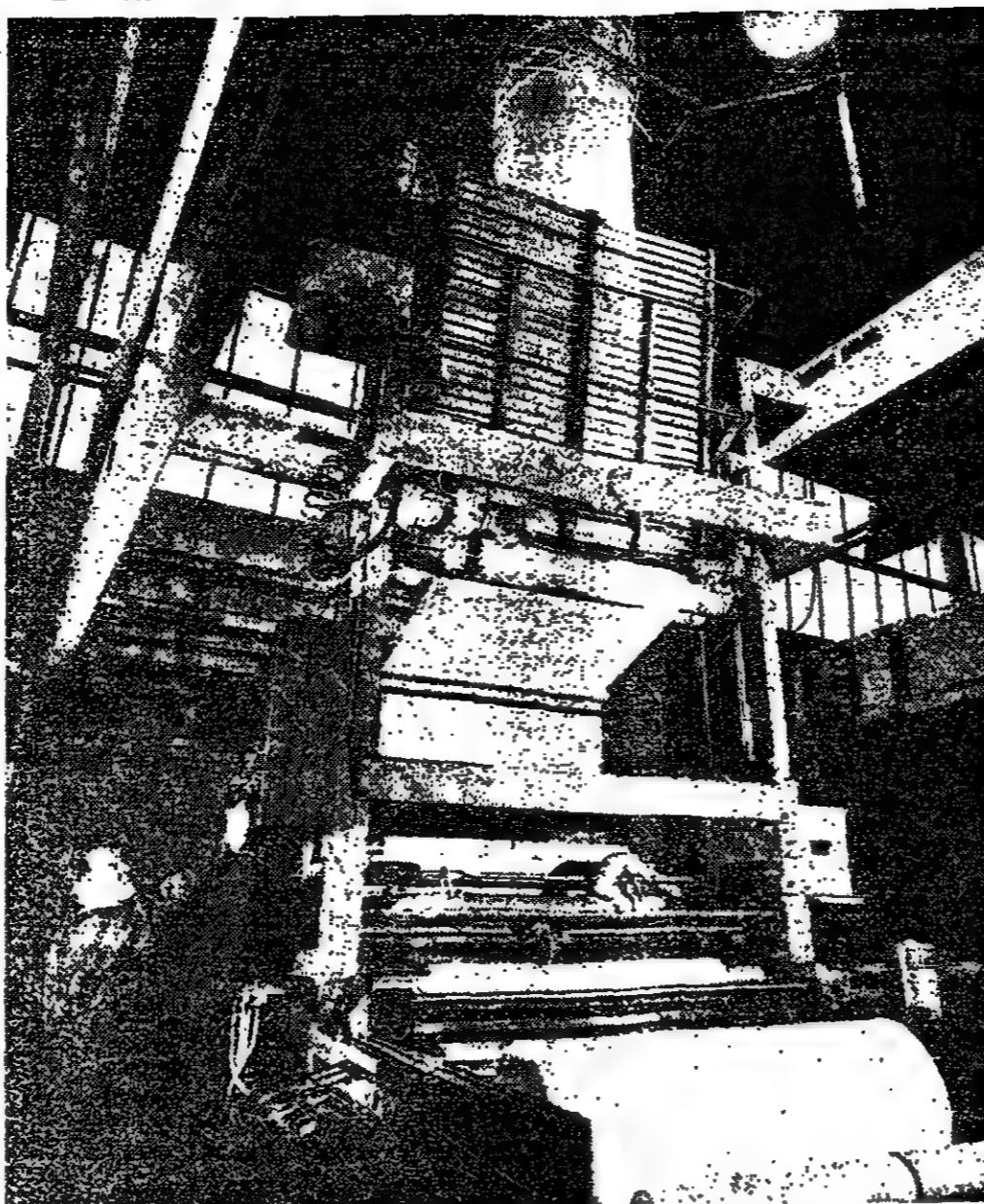
Ultronic, UDS House, 3 Jefferson Data prepared on the UDS Way, Thame, Oxon, OX9 3SU, 5,000D can be entered directly 084421 3181.

## Distributed on Series 1

ALLIED Breweries have signed as custom-built devices for contracts worth over £1m, for 80 special application requirements. Modular in design, all Series 1 units except the printers and display stations can be fitted into a standard 19-inch rack.

Allied Breweries plans to replace an on-line order-entry system at present used by two of a pilot order-entry and load the Allied Group's companies at summarising system and for 80 depots. Other Allied companies demonstration to depot management using manual order processing. Four further machines methods are expected to adopt were delivered in January while the distributed processing the remainder will be delivered approach using Series 1. In addition progressively over the next two-and-a-half years

Series 1 allows users to attach be developed using a PL/I computer, a variety of input and output files, devices such as line printers and keyboard display stations as well as 45320.



This £300,000 Windmöller and Hölscher extruder has been installed at A. J. Bingley's factory in Bristol. It is capable of producing a web of high-density polyethylene film 1.6 metres wide. Both single-wound or tubed polyethylene sheet can be produced for bag-making. Bingley says it is now able to produce up to 200 bags a year.

## COMMUNICATIONS

### Euronet charges fixed

POST Office has outlined the charge structure for use of the Euronet packet-switched data transmission network being set up for the EEC.

Planned to come into operation early in 1979, the network will give terminal access throughout the Common Market to a number of scientific, technical and socio-economic data bases. It will initially be a private network but is expected eventually to form the basis of a western European packet-switched data transmission network.

U.K. subscribers will work through the London packet exchange of the Post Office's system which is now about half

packet network. There might however, be a post data-base charge.

The volume charge is £2.30 per Megabit, the duration charge per hour ranging from £1.35 (1200 bits/sec) up to £3.60 (48k bits/sec). Dial-up customers will use the appropriate Datel service and will also be charged at the relevant rate for a call to London and an annual rental of £20.

Customers using private circuits will be charged the normal rates for the circuit and modem in addition to a single payment charge of £150 and an annual rental between £300 (300 bits/sec) and £3,000 (48k bits/sec).

The charges are not related to distance, a policy that will continue even when the scheme is turned into a European public

## SERVICES Cutting the cost of computing

DATA PREPARATION services have been added to the list of facilities available from Centre-File, the computer bureau subsidiary operated by National Westminster Bank.

Centre-File (Data Preparation) has been set up at Romford, Essex, with a dual 51 keystation Redifon key-to-disk data capture unit and the company has recruited 70 staff, including keyboard operators.

The Romford centre will take over all other data preparation work now being carried out by the company, including the 55-60 per cent of internal jobs. Eventually, however, it is expected that outside work will rise to some 60 per cent of the centre's loading.

The bureau management will be offering the service to computer users who have no data capture facility of their own but also to those who are spending around £50,000 on such work in house since Centre-File believes it can halve their costs.

More from Enterprise House, 16 Eastern Road, Romford, Essex, Romford 25535.

## ENERGY Plug-in air supply

TO SIMPLIFY factory air supplies and eliminate the need for an air receiver, Hydrovane has developed an electrically driven compressor with an integral control panel, aftercooler, and water separator.

The unit is tripod mounted, and when plugged in to a three-phase supply and connected to the factory air line, provides compressed air as required at 100 per square inch. Six units are available, from 3 hp delivering 11.4 cfm to 25 hp giving 95 cfm.

Details from Hydrovane Compressor Company, Claybrook Drive, Washford, Industrial Estate, Redditch, Worcs, B98 0DS (0527 255222), a Comair Group company.

**Applications**  
are now invited for the 1978 award for an outstanding work of industrial architecture in the United Kingdom. This is the twelfth year of the award, which has proved a notable success, attracting over 700 entries for judgement in that time.

**Entries**  
The award is open to all designers of industrial buildings, both within the architectural profession and outside it. Nominations of buildings together with the necessary particulars, must be received not later than May 5, 1978.

**Conditions**  
Nominated buildings must have been completed within the two years ending December 31, 1977. A building may be nominated (subject to the time limitation) on two successive years.

**Nomination Forms**  
together with all particulars and conditions can be obtained directly from the Financial Times.

The award will be announced on December 1, 1978.

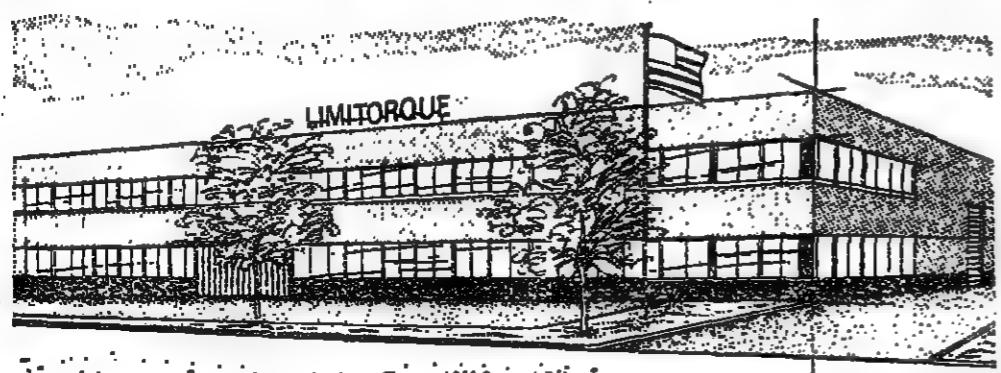
Please send me a nomination form and further details of the Industrial Architecture Award.

Name \_\_\_\_\_

Address \_\_\_\_\_

Post to:  
Financial Times  
Industrial Architecture Award  
Bracken House  
10 Cannon Street  
London EC4P 4EE

# Limitorque in Europe



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## POLLUTION Cuts waste charges

ADDITION of a fourth storage chamber to which petrol and oil are transferred periodically by the use of simply operated skimming devices overcomes the two main disadvantages of the traditional interceptor, that is, the need for periodic emptying by vacuum tanker and the risk of flushing considerable quantities of petrol and oil out of the interceptor at times of storm flows.

In addition to the increased efficiency achieved, a significant reduction in operating costs is made in view of the charges levied by waste contractors for emptying interceptors.

More from Hibbing at 147 Connaught Avenue, Frinton-on-Sea, Essex CO13 9AB. 02556

The Hibbing interceptor is moulded from high-quality 71565.

## SECURITY

### Seals for containers

FOR SECURITY risks such as logo and a seven digit serial number.

The company has also developed a replacement for the lead seal traditionally used on meters. It is a one-piece, two-sectional seal, made of polypropylene moulded in various colours, and incorporating name, number, etc. The 'wife-to-be' sealed is wound round an arrow section, which is then inserted into the second section. This completely encapsulates the arrow and the twisted wire, which is impossible to remove without destroying the seal.

More from the maker at Powerscroft Road, Slatup, Kent DA14 5EF (01-300 7881).

## PROCESSING

### Swiss watch quartz move

WITH the clear intention of vibrations to within five parts per million to help the world position of the Swiss watch industry in laser beams and take only two seconds in comparison with about 40 seconds using mechanical methods.

The new plant for the crystals, at Grenchen, will also yield a second source arrangement with Stäubli. Production will start later this year with 5m parts planned for 1979.

ASUAG owns the big Ebauchs organisation and brands such as Longines, Eterna and Rotary. Ebauchs is the prime mover in the deal.

In the new production process the quartz crystals are etched out chemically from basic quartz material instead of being ground out mechanically as in most current processes.

Timing of the crystal-exact quartz crystal and the micro-trimming to size to produce circuit "in one tiny package".

## MATERIALS Protects from fire

APPLIED BY spray gun, a coating has been developed which is used on structural steelwork is claimed to provide 1 hour and one hour fire resistance. Called Therm-O, the material can be used to protect timber, concrete, or plastic walls and floors. It is applied as a 500 micron thick coat and is stated to be durable, rust inhibiting and resistant to mechanical impact, while with an additional special top-coat it can also be made to repel condensation. The finish is slightly textured.

When exposed to fire or high temperatures, chemical reactions take place which cause the material to intumescence and producing an insulating carbon layer.

Details from the maker, Fireguard, 82 Muswell Hill, London N10 STA (01-883 0139).

## INSTRUMENTS Suitcase gas check

SELF-CONTAINED in a light weight but robust suitcase measuring only 427 x 324 x 103mm, gas monitor 8509 from George Kent Electronics makes use of a katharometer detector.

This responds non-specifically to changes in the thermal conductivity of the measured gas stream: each analyser is calibrated for a particular gas mixture, a moving coil meter showing the percentage of one gas within a defined mixture of the components. Each unit is calibrated at the time of manufacture.

The new plant for the crystals, at Grenchen, will also yield a second source arrangement with Stäubli. Production will start later this year with 5m parts planned for 1979.

Employment in Switzerland, however, will not be helped much because the Grenchen line is highly automated and will ultimately employ only about 120 people.

in the new production process the quartz crystals are etched out chemically from basic quartz material instead of being ground out mechanically as in most current processes.

Timing of the crystal-exact quartz crystal and the micro-trimming to size to produce circuit "in one tiny package".

# FINANCIAL TIMES

## INDUSTRIAL ARCHITECTURE AWARD 1978

## The Management Page

EDITED BY CHRISTOPHER LORENZ

## Casting a singular mould in the foundry industry

AND INDUSTRIES has a resilience as tough and durable as its own grey iron since it emerged from most disastrous merger the Repton Foundry group. From losses of more £200,000 just six years ago, group has been turned to such an extent that it accounts showed profits, a time when life has been easy for foundries—particularly for those supplying car industry and heavy engineering—Midland has had an annual 38 per cent growth over the past four and 94 per cent over five. Only once during that has growth fallen below 1 per cent.

The group has embarked on a heavy investment programme which will cost it £6m. 80. But this should not a balance-sheet which net debt last year of £100,000 less than a fifth of holders' funds of £3.5m. and says it should be able to finance the modernisation of its foundries its improved cash-flow.

ton, a small private company, owned by the family, made the takeover of Midland, an equally small public engineering company. Yet within the merger appeared heading for disaster. In the group reported a 15 per cent loss of £204,000 while drawings of £22m. were than double shareholders'.

Arnold Goldsbrough, vice-chairman and head of foundry division since says: "Following the we had become too with head office management.

The chain of command was curiously long and inefficient much time was being

wasted on empire building, office politics, meaningless paperwork and administration and not enough time was being spent on running the business.

"The management structure had taken on the appearance of the classic inverted pyramid and the year when we made our loss was when all our chickens came home to roost."

A major management reshuffle under Mr. Goldsbrough followed the loss. A number of senior

personnel left ("those not only have one or two major directly attributable to the customers") while castings for industrial heating money-making process" while head office staff was drastically reduced; greater emphasis was placed on divisional management and local autonomy, in place of an "unwieldy centralised management structure."

Under the new management team, the group closed its loss-making Belgian subsidiary and also a Scottish foundry which, it was decided, would not fit in with Midland's plans to increase its range of castings and reduce its dependence on a volatile car industry.

"We felt that it was unwise to have too many of our eggs in one basket and that the car industry, with only a very small

number of individual manufacturers, was not the ideal customer if the group was to maintain sustained growth," says Mr. Goldsbrough.

"By spreading our interests now into other areas (with a wider choice of individual customers) we felt that this would cushion us against either a cyclical downturn in particular industry, or major disruption at an diesel engine manufacturers individual customer. It is so easy to be caught out if you the set-back they received after

pening in the current year," says Mr. Goldsbrough.

The group has also spread its business among a number of tractor manufacturers so it was able to shrug off the effects of a long strike at Massey Ferguson last year.

Equally significant is that Midland believes it has developed a much more efficient management structure based on small tight-knit divisional units which operate with a minimum of central control.

Today there are only five people working from the group head office in Wolverhampton—compared with the 30 or 40 group and divisional managerial staff who operated out of Wolverhampton in the early 1970s—while Mr. Goldsbrough runs the foundry division, which produced almost 90 per cent of profits last year, from the group's largest foundry at Bingley, Yorkshire.

"I was requested to move to the Wolverhampton headquarters after the merger but I have always believed that it is important for management to be where the action is and not sit in some kind of ivory tower, miles away from where the real decisions have to be made," says Mr. Goldsbrough.

"We have tried to aim at a kind of loose federation within the group with as much local autonomy as possible—so that the man on the spot is not frightened of taking decisions, and if necessary, corrective action can be taken immediately without going through a convoluted chain of command."

It is indicative of the group's

approach that its Bingley plant—which produced two-thirds of all castings last year—has an official sales staff of one.

"All the managers here are salesmen," says Mr. Golds-

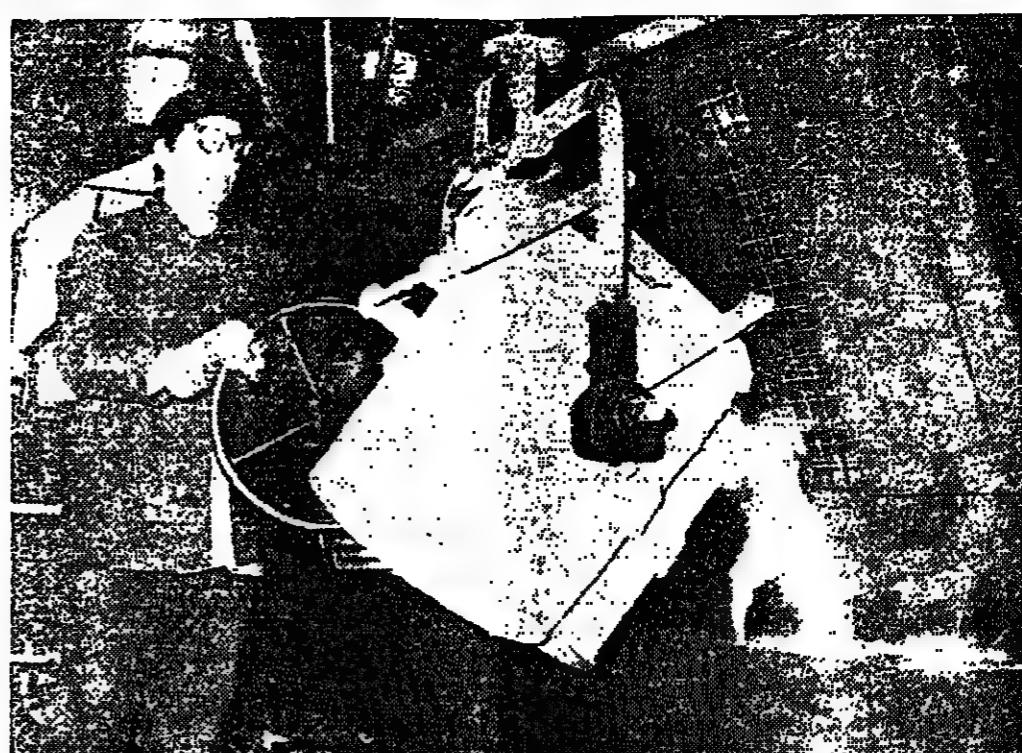
brough. "We can all go out and get orders, even if there are

any problems then I expect that I believe strongly in an appointed with the Government to ring straight entrepreneurial approach to men's reaction. It would seem through to me or any of the business and try to persuade that other lame-duck operations have been given money when our application based on sound and consistent profit growth has been turned down—but with or without Government help we shall go ahead with this expenditure."

Mr. Goldsbrough does not see the group trying to extend castings output beyond 100,000 tonnes a week. "It's a sensible ceiling for a group this size. Once you go beyond this kind of target then you start to get all the old management problems that size brings with it; while you would probably have to grow much larger before the economies of scale start to work through."

"I believe that once we have reached this target then we will have reached a sensible limit for organic growth—without losing management efficiency—and so we will start looking around for other fields to invest in."

A management reshuffle, coupled with a programme of diversification, has enabled Midland Industries to recover from an almost disastrous merger in 1969. The group has now embarked on a £6m. investment plan. Andrew Taylor reports.



Casting at one of Midland Industries' foundries in Birmingham.

## Employee participation in Europe

LOYEE PARTICIPATION is now at such a pace in Europe during the past few years that a confusing variety of statutory and voluntary forms have emerged in most countries.

Each case, the significance of developments cannot be understood unless they related to the statutory and voluntary labour relations, practices of the countries involved. International comparisons are difficult to make with-

BOOK REVIEW BY JOHN ELLIOT

on profit sharing, and starts with tables showing how different countries handle single issues—such as worker directors or safety representatives.

Inevitably, however, such a publication tends to be somewhat generalised and this may sometimes lead to errors. In this case, the position of shop stewards in the British engineering industry is incorrectly attributed to the whole country, while the Bullock Report's recommendations for worker directors envisaged that such people would be elected by trade unionists in a company, not as this publication says, appointed by unions.

Nevertheless, it is a valuable side memoir to practices in Western Europe.

*Industrial Democracy in Western Europe*; by John Alan James and Ralph Coles; Management Counsellors International, Management Centre Europe, Avenue Des Arts 4, 1040 Brussels, Belgium; £.Fr.5,850.

## Business books

*Interactive Forecasting*, by Spyros Makridakis and Steven C. Wheelwright, Holden-Day Inc, San Francisco, \$25. The aim of this publication has been to rationalise the many different approaches to forecasting and to provide users of the book with a simplified and integrated approach to the subject.

*Business Survival and Social Change*, by John Hargreaves and Jan Dauman, Associated Business Programmes, £6.95. An analytical approach to the problems of business survival in a changing environment.

*The Businessman's Guide to the Middle East*, by Lillian Africano, Harper and Row, £2.95 and £2.50 (cloth cover). A country by country guide to the do's and don'ts of various cultural situations, and to ways and means of initiating negotiations. It also lists information on banks, government ministries, embassies, hotels and restaurants.

*Personnel, Administration and Industrial Relations*, by J. Valerie Grant and Geoff Smith, Longman. A second edition of a book in a Management Studies Series which provides general coverage of personnel management and industrial relations.

*The Board and Administrative Management*, by Peter W. Berts, Business Books, £8.50. The various aspects of administrative management are examined and practical ways of introducing the function are outlined, along with administrative aspects of boardroom practice and the practical implications of administrative management systems.

*The Myth of Petropower*, by K. Bhattacharya, Teakfield, £5.50. A study of the financial dependence of the Organisation of Petroleum Exporting Countries on the Western world, with special reference to Iran.

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LOMBARD

# The will to manage

BY GEOFFREY OWEN

MOST PEOPLE have their own to what many people would favourably explain for the low level of productivity in British industry. It is a complex problem and no doubt it is wrong to put too much weight on one factor at the expense of all the others. But a point which does not receive the attention it deserves is what might be called the demoralisation of management, especially factor management. It is true that the story of the works manager has been fairly well documented—his low status in relation to finance and marketing men, his poor career prospects and hence the difficulty of persuading bright young men to work in production. But the more fundamental issue to which these unfavourable circumstances certainly relate, is the works manager's attitude to his job.

The position is not helped by the attitude of union leaders, especially at the national level. They pay lip-service to slogans like "we want a high-wage, high-productivity economy," but there is not much inclination to take or even to acquiesce in the steps which are necessary to bring about that happy state of affairs. They are not seriously worried by the fact that, because of higher productivity, industrial workers on the Continent are two or three times as well off, in real terms, as their counterparts in the U.K. The desire to preserve union membership is often a more powerful motivation than any concern for efficiency or even for the ultimate well-being of the members themselves.

Fortunately union officials and shop stewards do not always call the tune. It is sometimes possible for managers to by-pass their own workforce. But loyalty to the union is a powerful force: it can take a good deal of courage, as well as strong feeling, to flout union instructions.

## Tripartite

It is not obvious that bringing the Government in on the set makes matters any easier. There is much talk about the tripartite approach to industrial problems: taxpayers have just been informed that they will be contributing £50,000 to a campaign to publicise the objectives of the "industrial strategy" throughout the land. Ministers talk glibly about productivity, but, like trade union leaders, they are not so keen to associate themselves with specific measures, often awkward and painful to root out inefficiency. The people who can initiate change are the managers. Perhaps they have the greatest challenge for chief executives in industry is to motivate their works managers that they set themselves the highest possible standards of performance and, despite all the obstacles, all out to achieve them. The Government can help in the field of taxation, but it is not just financial incentives which matter. Somehow the will to manage has to be revived and strengthened; without it, no "industrial strategy" can succeed.

## TV Radio

### BBC 1

Indicates programmes in black and white.  
6.45 a.m. Open University.  
8.10 For Schools. Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools. Colleges. 3.20 Pobol Y Cwm. 3.35 Regional News for England (except London). 3.35 Play School. 4.30 Wally Gator. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.15 Star Turn. 6.45 News. 8.35 Nationwide (London and South-East only). News and Weather for Wales.

### 6.30 Nationwide.

6.30 Young Musician of the Year. 7.20 The Rockford Files. 7.30 The Good Old Days. 9.00 News. 9.25 Play For To-day. 10.30 Tonight. 11.10 The Engineers. 11.30 Weather. 12.15 Amateur Boxing (Ulster Senior Championships). 12.15 a.m. News and Weather for Northern Ireland. 12.30 a.m. Look East (Norwich). 1.00 Look East (Leeds, Manchester, Newcastle). 1.30 Weather. 2.30-3.37 p.m. For Schools. Tablau (6). Tahl tri. 3.35-4.20 Wales To-day. 4.30 Hedd Wyn. 7.15 Pobol Y Cwm (second) pended. 7.45-8.10 Ash the Family. 11.45 News and Weather for Wales.

### 7.30 Sentient—5.35-6.20 p.m. Report on Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—5.35-6.20 p.m. Northern Ireland News. 5.35-6.30 Scene Around Six. 11.35 Amateur Boxing (Ulster Senior Championships). 12.15 a.m. News and Weather for Northern Ireland. 12.30 a.m. Look East (Norwich). 1.00 Look East (Leeds, Manchester, Newcastle). 1.30 Weather. 2.30-3.37 p.m. For Schools. Tablau (6). Tahl tri. 3.35-4.20 Wales To-day. 4.30 Hedd Wyn. 7.15 Pobol Y Cwm (second) pended. 7.45-8.10 Ash the Family. 11.45 News and Weather for Wales.

### BBC 2

7.05-7.55 a.m. Open University. 11.00 Play School (as BBC 1). 3.55 p.m. News. 4.25 Other People's Children. 5.20 Open University. 7.00 News on 2 Headlines. 7.15 Propaganda With Facts. 7.30 Newday. 8.30 International Pro-Celebrity Goff. 9.00 Spike Milligan in Q7. 9.20 The Man Alive Report. 10.20 In the Looking Glass. 10.50 Late News on TV. 11.00 The Old Grey Whistle Test. 11.40-11.45 Music at Night by Widor.

### LONDON

9.30 a.m. Schools Programmes. 11.30 Felix the Cat. 12.00 Paperplay. 12.10 p.m. Pipkins. 12.20 Kitchen Garden. 1.00 News plus 2.00. 2.15 Afternoon. 2.15-2.30 Crown Court. 2.40 Afternoon. 2.25 Sam. 2.30 The Wolf Hounds Show. 3.30 Couples. 4.30 Get It Together. 4.45 Maggie. 5.10 Sportscene.

### 6.00 Thames At 8.

6.35 Crossroads. 7.00 Dave Allen. 7.30 The Streets of San Francisco. 8.30 Rising Damp. 9.00 Wilde Alliance.

### RADIO 1

6.00 a.m. As It Happens. 7.00 Noel Coward in "The Stately Homes." 8.00 The Sunday Post Top 20. 8.00 Births with Dickie Bird. 8.15 News. 8.20 Tom Blackman. 8.30 Newsbeat. 8.45 Party Line. 8.55 The Big Breakfast. 9.00 The Big Breakfast. 9.15 John Peel. 9.30-10.00 The Big Breakfast. 10.15 Radio 1. 11.00 Radio 1. 12.00 Radio 1. 13.00 Radio 1. 14.00 Radio 1. 15.00 Radio 1. 16.00 Radio 1. 17.00 Radio 1. 18.00 Radio 1. 19.00 Radio 1. 20.00 Radio 1. 21.00 Radio 1. 22.00 Radio 1. 23.00 Radio 1. 24.00 Radio 1. 25.00 Radio 1. 26.00 Radio 1. 27.00 Radio 1. 28.00 Radio 1. 29.00 Radio 1. 30.00 Radio 1. 31.00 Radio 1. 32.00 Radio 1. 33.00 Radio 1. 34.00 Radio 1. 35.00 Radio 1. 36.00 Radio 1. 37.00 Radio 1. 38.00 Radio 1. 39.00 Radio 1. 40.00 Radio 1. 41.00 Radio 1. 42.00 Radio 1. 43.00 Radio 1. 44.00 Radio 1. 45.00 Radio 1. 46.00 Radio 1. 47.00 Radio 1. 48.00 Radio 1. 49.00 Radio 1. 50.00 Radio 1. 51.00 Radio 1. 52.00 Radio 1. 53.00 Radio 1. 54.00 Radio 1. 55.00 Radio 1. 56.00 Radio 1. 57.00 Radio 1. 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# Academies

by WILLIAM PACKER

Acadism is not quite the it was, but many artists still take the epithet undoubtful compliment, least, that would seem their independent crea- to question, suggesting that orthodoxy has a over free expression imagination. And, yet, such work appears on as well as it frequently London — the Fine Art has been making a living out of it for over us — it can be seen to able in many ways, in- technically and full of

For personality has come through after symbiotic and identi- the Academy is nothing if the work is good, is that schools natural to embody their own marking their mem- it; and true of actual us, so it is true of the looser sense, that of movement that to the history of art.

City College, London of Slade School is part, the extraordinarily fine is of prints and draw- since the War has ing, in which them. Thus, though they considerable importance respects ranking only nose, in the British and Windsor Castle, new, too easily over-

Print Room, however, proposed at last, and room already set aside, but the Gov- a economies mean that cost of the necessary it is not to be met from funds; and the room if is done soon. And so real fund has been supporting by showing a lower gallery (until 17) a small portion of Diego's treasures. There by John Fixman, studio gift formed the on of those collections, man drawings, English hours, and old-mas- from different bequests, at together embrace the such artists as Durer, Rembrandt, Van Dyck, Rowlandson, Goya and; but it is the Slade's



Bernard Minnink: Feeding Time

## Opera

# Faust

by RONALD CRICHTON

and Faust, in the striking production of Jorge is once more established theatre of which long seems a symbol? The new was first seen in 1976, before Covent Garden turn relived the world summer preceding this dusting down. Valerie on from the English I Operas had stepped in to notice to sing Matilda in Festival production of Elisabeth at Aries. She duly acclaimed, returned to Aix to sing in Così, now making her first at the Paris Opera Faust. "I can no doubt con- her success. Miss Master- isn't have the . Impud- ideally required for the Song, but few sopranos fa-la-like coloratura at command have her less or her air of youth- incariable, but not foolish. The touch of pian- in the Roi de Thulé was just right. The love lowered sweetly but with- timentality. For the final we were both the thrust slightly behind radiance, a sketch for the precocious schoolboy in Berg's Lulu.

Lavelli and his gifted designer, Max Simeoni, shunning conventional mediocrity, set their Faust in a vast unit set of 19th century glass and metal, a slightly seedy Crystal Palace with a dome that pays possibly ironic homage to the exterior of the Opera itself. This imposes a kind of unity on a loosely constructed work, whose gradual disintegration was emphasised in Copley's opposite approach at Covent Garden. There are gains and losses. The Kermesse takes alienation to absurd lengths. So does the Soldiers' Chorus, where the point of having "Gloire immortelle De

lors in Cormon, but José is a nos aloux" sung by a wretched man, more rewarding, apart handful of crutched and Mephisto, is treated by Lavelli, bearded ex-warrior is scathed by the music's insistence that unsure of himself? The new Faust, after, ego—same age, they ring out with the lungs of same clothes, but superior in healthy men—which the excellent height, worldliness, and wit Paris chorus accordingly does. Roger Soyer, though his voice was in only fair condition (he had been forced to cancel the first performance of the revival two days earlier), gave a highly polished study in debonair villainy.

Michel Plasson conducts with invigorating effect except (for the performance I heard) for the waltz, which went jumpily. Much to the orchestra's credit — the clarinet solos, for example — gave acute pleasure. As for the other Lavelli productions, I have seen because his theatrical instinct and visual sense are so strong, the final impression is convincing in spite of incidental irritations. Faust in Lavelli's hands does not seem the dead duck one was beginning to mistake it for. And in the wake of signs of continu-

ing life come questions. Why was Gounod, in spite of his genuine talent, so stylistically unsure of himself? The new Faust, after, ego—same age, they ring out with the lungs of same clothes, but superior in healthy men—which the excellent height, worldliness, and wit Paris chorus accordingly does. Roger Soyer, though his voice was in only fair condition (he had been forced to cancel the first performance of the revival two days earlier), gave a highly polished study in debonair villainy.

Georges Frére conducted, the Faust can still affect different listeners in widely different ways was amusingly illustrated on this occasion. Next to me was an elderly German of the type that appears to hate good tunes written by non-German musicians (or perhaps just hates tunes). His disapproval reached snorting-point when Marguerite sailed into the trio. At that precise moment, Arthur Rubinstein, sitting in the first row of the stalls a yard or two in front of us, looking even younger than when he used to appear on the concert platform and evidently enjoying himself like a ten-year-old, was unable to resist beating time for a bar at two.

Elizabeth Hall

# Perlmuter

by DOMINIC GILL

Perlmuter is a pianist sustained with a powerful motor impulsion. Perhaps it was too early in the second and third, fourth and fifth fingers in the A minor Etude to have attained ideal flexibility; the best things in the first ten Etudes were the quietest and most personal. An major of the finest eloquence and canabile simplicity: in the F minor, a velvet left-hand surge, contrasted with a quick, sharp key-descent in the right hand, marked by a display of yellow ghostly effect. The tritone, a bold and unexpected gesture then, to devote the whole of his recital, as he did on Sunday afternoon, to the 24 Chopin Etudes op. 10 and 25 — a tour de force in poetry and high bravura, and sheer physical stamina, are nowhere more inextricably mixed.

It should be said straight away that the venture was not an unqualified success. To the first of the familiar magic began to emerge fully-fledged, and with all their force intact, Chopin's Etudes really must be served with more technical precision and fluency than Perlmuter was able to summon to his command on this icy, finger-freezing Sunday afternoon. But there were compensations too: the very first C major Etude of op. 10 was delivered in shower of wrong notes; but between the showers, — spun off with powerful the right notes promised well presence, fine chilling chromatic cut with fierce crystalline clarity, the draught.

Hampstead Theatre appeals for £30,000

Hampstead Theatre (winner of the Evening Standard Special Award for Outstanding Achievement in 1977) is launching an appeal to raise £30,000 to build an annex to house the workshop to replace the area it is losing to the Hampstead Theatre Building. It is essential for the Appeal Fund. A number of the theatre's to be able to build its activities to raise the money are open sets economically without in preparation.

JP/11/15

## Florence letter

# Werther

by WILLIAM WEAVER

Stanley Spencer, and The Royal Box by Osbert Lancaster. The main gallery on the ground floor is occupied by an interesting oddity, the work of the late Victorian Scotch Academician, Arthur Melville. He was evidently an instinctive Water-colour is at once the most seductive and the most testing of all the painting media; and Melville was a virtuoso of it. Many of these paintings are simply his own subject-matter. His paint jumps out at us, sitting

luminous, broad and free in their execution, the colour vivid and fresh, the drawing and composition brazenly confident and bold. He had the nerve, too, to leave the imagery often, to the subject, to the desert, or bull fight, or Grand Canal. His efforts go into depicting rather than looking, a concentration upon the trick of effect rather than the realities of observation and paint. And so the surface is not explored nor the images and ideas developed; and the work is on a uniformity with its neighbours, an insistent decorative flicker, that becomes oppressive. These paintings, so fresh and skilful, are really rather

Total, unforced, moral fibre, perhaps, or effort work-rate is an insidious heresy. Melville certainly had his limitations, though we should be fairly generous to him, for they were not entirely his own fault. He was evidently an instinctive and very clever painter who died at 70, not that one younger than Martin Frost and Richard Hamilton are shown; for what we see represented is the Slade Tradition, an elegant, well-mannered, educated line painting, and unaffected observation; and I suspect it lives on. Many of the drawings are from the life class, studies of the male nude especially, an early, and characteristic Augustus John, for example. Dora Carrington, Euan Ullens, Tonks, Leggins and Derwent Lees are all represented by figures or heads, but there are landscapes too, and other things, an allegorical study by

It is a small group of drawings, but reasonably varied though it is a pity that no one younger than Martin Frost and Richard Hamilton are shown; for what we see represented is the Slade Tradition, an elegant, well-mannered, educated line painting, and unaffected observation; and I suspect it lives on. Many of the drawings are from the life class, studies of the male nude especially, an early, and characteristic Augustus John, for example. Dora Carrington, Euan Ullens, Tonks, Leggins and Derwent Lees are all represented by figures or heads, but there are landscapes too, and other things, an allegorical study by

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## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
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Tuesday February 14 1973

## Pushing too openly

ONE OF the chief diplomatic economic stimulus which they aims of the Carter Administration have already applied and insist that since it took office has been on their right not to risk embarrassing, particularly those industrialised countries which are in balance of payments surplus, particularly Japan and Germany, should discuss of the sort which the U.S. Administration has been practising is the best designed to produce results of the sort for which it is hoping. The Carter Administration has been much criticised at home as well as abroad, for its somewhat naive approach to the resolution of complicated political problems. Certainly in the economic field this criticism seems to have some justification. The foreign exchange markets, for example, have not forgotten Mr. Blumenthal's assumption that he could get his way with Germany and Japan by forcing them to let the price of their currencies rise against the dollar without any danger of an international currency upheaval.

But for the moment, at any rate, the main weight of U.S. diplomatic pressure in this field has been turned on Germany. Mr. Michael Blumenthal, the Secretary of the Treasury, is visiting Germany at present. Not only is he likely to push hard once again for more positive action by the German Government to stimulate domestic demand; it has also been suggested that, unless some progress is made, the economic summit due to be held in Bonn this summer might be put in jeopardy. Disagreement between the U.S. and Germany at the summit, it could be argued, would result in its failure, and a summit meeting that failed would be worse than none at all.

### Discussion

There is room for discussion between the two sides on this issue. The U.S. can maintain its point that it is aiming at a rate of domestic growth which can only help growth in the world as a whole, despite the emergence and likely persistence of a large balance of payments deficit. Its view that its trading partners should absorb more of the strain caused by the surplus of the oil producers is likely to be supported by Working Party Three of the Organisation for Economic Co-operation and Development, which meets later this week. The Germans, for their part, can continue to emphasise the extent of the

## The basis of energy prices

IT IS NOW nearly four years in accordance with their beat since the Government decided to reverse the policy of price restraint by the nationalised industries and allow a phased return to economic pricing in this sector. But it has yet to follow this up by re-formulating an appropriate framework of financial and economic criteria upon which each of these industries can base its pricing and investment policies. In the absence of such a framework it is only natural that differences of opinion over pricing policies should sometimes arise between competing State-owned industries, particularly in the energy sector where the rivalries are often intense.

### Compromise

Complaints from the coal and electricity supply industries about the level of gas prices were temporarily stilled some 14 months ago when Ministers arbitrarily decided that the Gas Corporation should make a contribution to the IMF package of public expenditure cuts by raising its prices by 10 per cent, from last April and using the proceeds to pay back some £100m. worth of its capital debt to the Government. The argument now appears to have broken out again, the cause this time being the Gas Corporation's statement last week that, provided there is no major increase in the rate of inflation, it expects to be able to keep its prices unchanged until April 1979, a period in which coal and electricity prices are likely to be raised by between 8-10 per cent.

The Gas Corporation's statement appears to have represented something of a compromise between its own views and those of the Price Commission over the proper course of action to be taken when the dispensation from the provisions of the price code, which was made to accommodate last year's 10 per cent rise in gas tariffs, expires in April. But, while the Gas Corporation has successfully resisted the Price Commission's suggestion of a 10 per cent tariff reduction, the outcome has not satisfied Sir Francis Tombs, chairman of the Electricity Council. In a paper presented to the Energy Commission yesterday, he argued that there ought to be some party in the prices of all fossil fuel, considerably weakened.



WHAT IS likely to be a highly embarrassing, and quite possibly costly, process for Britain's major suppliers of "blacktop" road surfacing formally began yesterday when 33 of the agreements operated in the industry were placed on the Register of Restrictive Practices.

Embarrassing because the companies knew, or certainly should have known, that it was unlawful to operate such cartels without first registering them with the Office of Fair Trading, and costly because the companies may find themselves being sued by aggrieved customers.

As the price rings involved the supply of blacktop for the surfacing of roads, the bulk of the contracts were ultimately paid out of public funds. While it may be very difficult to establish how much the prices were inflated above competitive rates, local authorities will almost certainly come under pressure to try to obtain some redress from the companies concerned.

There is also a possibility of criminal proceedings should it emerge that any contractor had taken on a public highway contract having wrongly signed a certificate to the effect that he had not colluded on prices with his competitors.

The agreements referred to yesterday represented only the tip of the iceberg. It is expected that eventually the blacktop industry will produce by far the biggest haul of unregistered agreements ever uncovered by the OFT. Eventually, the number could reach 1,000 — dwarfing the 140 or so previously unregistered agreements so far added to the Register from the concrete industry.

The tarmacadam pacts came to light last year when a man from inside the industry volunteered to tell all to the OFT. The Office had previously received complaints about the possibility of price rings being operated by the suppliers of blacktop but had been unable to follow them up properly because of a Catch 22 written into the legislation. As interpreted by the courts this provision means that the OFT has to have reasonable grounds for believing that such agreements exist before it can require the companies to produce information about them. The anonymous informer gave them the necessary grounds in the case of blacktop.

In November, the OFT duly served an order on nine companies requiring them to give information about any price rings they might be operating. Among the companies covered by these orders were Tilling Construction Services, Steelphalt and Tarmac Roadstone.

The companies responded with a mountain of paperwork. At the same time, other companies, like Wimpey Asphalt volunteered details of agree-

## MEN AND MATTERS

### Here comes Superman

After the Superwoman, brace yourself for Superman. The success of Shirley Conran's breezy concoction has impelled publishers Sidgwick and Jackson to bring out a sequel: Robert Heller's manuscript is with the printers and is scheduled to appear in June. Why Heller—a financial journalist who for 12 years has edited Management Today? Perhaps S and J approached him because of his best known book, *The Naked Manager*: advance publicity for Superman has a subliminal tie-up using as its motif a famous Leonardo da Vinci male nude drawing.

It seems the volatile Conran was less than pleased on hearing about Heller's forthcoming title and sent waves of protest through the publishers' office.

"I'm sure that has all been smoothed over by now," says Heller. "In any case, my book will be quite different from Shirley's." He says his theme will be "self-management"—covering such topics as how to improve your memory and organise your time. Different it may be, but Heller will doubtless feel quite like a Superman if he matches the six-figure sales of the original.

### Witness in Addis

More and more reports have been coming out of Ethiopia about the "Red Terror" in which thousands of enemies of the Dergue have been butchered. An official has explained: "We wanted terror to reign in the camps of the reactionaries, too." Another said: "It is not only a physical struggle but also an ideological struggle, to wash away the dirt

of the Ethiopian People's Revolutionary Party." My colleague James Buxton last week saw bodies left lying in the main streets in Addis Ababa as a warning to passers-by.

Here are excerpts from an earlier account of a visit to Ethiopia: "Coming across the market-place, I had seen 2a Marwan, the Ras's doorman, with three men bound, one of whom he fell a-hacking to pieces in my presence... the soldiers, in consideration of his baste, immediately fell upon the other two... the dogs fled into my house to eat pieces of human carcasses at their leisure. The Ras has given orders... to wash away all this pollution in the clear-running water..."

That graphic reporting comes from James Bruce a Scottish traveller who went to Ethiopia in 1770.

### Jobbers' joy

Two £1,000 coups within an hour and London jobbers reckoned they were on to a good thing—not in the Stock Exchange but across the road at Kandies the confectioners. There, the queue stretched on through yesterday afternoon as they tried to repeat the early wins of two members of Wedd Durlacher on Ladbrooke's Cashcade lottery scheme.

Mark Braterman, manager of the shop, told me that he sold out of tickets twice and had to wait for fresh supplies. The tickets have only been on sale at Kandies and other retail outlets—not betting shops—for about ten days, but the promoters say they have "taken off like a rocket."

This should satisfy the charities and local authorities, who get 40 per cent of sales. I also heard no complaints from Braterman and others selling

# The dark secrets of blacktop prices

BY MICHAEL CASSELL AND ELINOR GOODMAN



Asbury Adcock  
Road construction: its surfacing may make history on the Register of Restrictive Practices. Mr. Gordon Bonner, Director General of Fair Trading.

and expose the companies to once between insolvency and prices they have had to pay for criminal proceedings.

The next stage is to seek an order which effectively ties the companies' hands in future. This would prevent them ever making any similar agreements and would mean that the companies would have to keep a

very close watch on all their employees to ensure that none of them ever started discussing prices, even informally, with their competitors.

Again, the which available work was often allotted acted against the interests of the client. The appointment of contracts, they claim, was principally designed to ensure as even a workload as possible for all the suppliers involved, against a background of very uneven ordering. It was not, they say, being used as a method of extracting unfair prices.

However, such a "like effect order," as it is called, might be contested by the companies because it would require a fairly fundamental rethinking of the industry's current pricing arrangements.

The blacktop industry's system of "gentlemen's agreements" is being exposed at a time when details of similar arrangements in the ready mixed concrete supply sector are still coming to light. The circumstances behind both cases are similar.

As constituent parts of an industry which traditionally confronts wild fluctuations in demand and is expected to tailor itself accordingly, the concrete and road surfacing material suppliers have apparently been given a system of self-help. They believe that this has in interest under the 1956 Act.

With roads among the construction sectors worst hit by public expenditure reductions, the road surfacing industry—including the cement manufacturers and the latest disclosures about blacktop pacts—may also be in pressure to change in relation to restrictive practices.

There is already a lack of opinion which believes certain kinds of price arrangements should be banned altogether.

Since the 1950s, the industry has maintained its "family

characteristics," with close co-operation continuing at all levels across a wide range of subjects.

The suppliers say they are facing hearings in the Restrictive Practices Court.

Following last year's revelations about the existence of unregistered price-fixing agreements in the concrete industry, the latest disclosures about

blacktop pacts may also be in pressure to change in relation to restrictive practices.

It may be that if the individual companies are made to discuss prices and co-operate among themselves, they will find themselves attempting to formulate some measure of common agreement on prices. That trend was encouraged by the trade unions which wanted to safeguard jobs.

Pricing "co-operation" was well established by 1956 when the restrictive practices legislation was enacted. The effect of the new law was, according to one industry man, "rather like dropping a stone into a pond."

Following the legislation, the companies in the road-stone industry remained determined to ensure that the benefits of close co-operation continued. It was at this point that mergers began and the big names like Tarmac, ARC and Tilling began to emerge.

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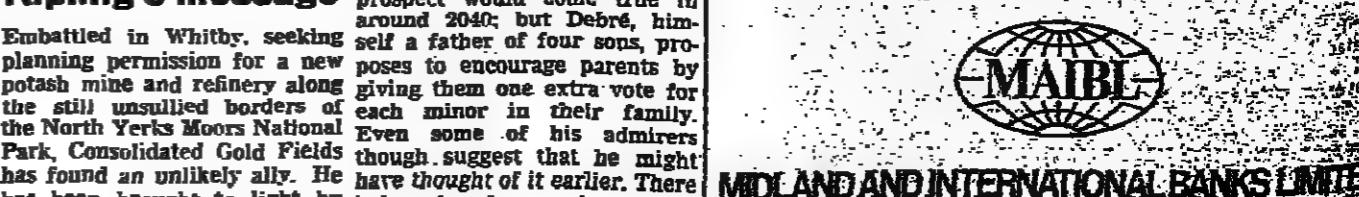
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his black blazer. Unconcerned about the harrying of Gold Fields over its South African involvement or the group's problems in the City about the rate of return on rights issues, Neil thinks the mine ought to go ahead. And he plans to tell the current public inquiry so.

He will speak as organizer of the Whitley Potash Development Group—not a Gold Fields subsidiary, but a group of eight Whitley sixth formers. His concern is jobs—believing that the potash mine could slice into Whitley's 13 per cent unemployment rate.

Kipling hints darkly that the people opposing the mine do not need jobs—they are secure or retired. Not that he intends to work there himself; he hopes to go ahead. And he plans to tell the current public inquiry so.

His stand could pose political problems, seeing that he is chairman of the local Young Conservatives. The constituency MP, Leon Brittan, is also a Conservative—and he has come out against the mine.

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# Opinion poll pitfalls for the Tories

THATCHER would do well to the extent that it was always obvious that if one uttered hostile phrases about immigration one would get a good mailing.

It is certainly right in its action that a majority of people would approve of further action on the number of immigrants allowed into the country, but it is almost incongruous in its suggestion that the Conservatives now have a 11 per cent lead over the Labour Party.

There is a reason for these assertions not complicated. Public opinion polling is nearer to a science than an art: they can be right and, given the right terms, usually do. When it is more often than not the figures printed out by computer have been directly interpreted.

Of course some polling organisations are technically incompetent. Their samples may be bad, their mathematical techniques may be wrong. Clearly, a reputable organisation like ICM is not one of these. Again, polls can produce a result that is a statistical freak. This reasonable assumption when

seen to be an inexplicable turnaround in public opinion—but when number of polls, spread over many years, always point in the same direction we can take it that they are saying is reliable.

Yesterday's result is one. It says that people are set about immigration and are whole against it. Many of our polls have given much the same result; a large number of them have not been published because they have been put out privately and shown to the client. On that the notion that "Mrs. Thatcher is vindicated" is

ful campaign in the primaries, and his triumph at the Democratic Convention in 1976. Mr. Jimmy Carter was shown by the polls to be 20 per cent ahead of the then President Ford. At that time the Republicans were still divided by the Ford- Reagan battle at their own convention, and their private poll-takers tried to cheer them up by pointing out that this must be the Administration's likely

autumn suggesting the best in Labour support, since a string approach over the next few years, indicates that not only would such policies be popular — they would attract an appreciable number of Labour voters away from their normal allegiance. I daresay that if she threw in a promise to cut social services to "scrupulous" and reduce the level of unemployment pay she might even find that further polls suggested that she had tapped new sources of support.

One reason why she could not embrace such a policy with wholehearted fervour that a British Cadell might prescribe is that it would cause intolerable strains within the Conservative Party. There are many philosophical arguments about the degree to which political parties should respond to public opinion, but given the British party system in its present form, they are mostly academic. Our politicians can and do take some notice of their private polls, but there are too many passionately held convictions in our ideologically-based parties for them to be able to give themselves wholly to the new methods.

It is for this reason that Mrs. Thatcher should take care. I cannot say — for it has never really been tried — that it would be impossible for the Conservatives to win by Mr. Carter's method, but it seems highly unlikely that the party could devise a policy that might well increase her party's under-

charge of the Carter polling organisation was in the better of the two. Perhaps it was. I went to see Mr. Patrick Cadell, the man in her anti-immigrant phraseology, charge of the Carter polling, at the time, and his grasp of the conservative Government would be a heat-of-the-moment result, future policies than any other and that the underlying trend material available from the White House.

British politicians are not quite so wedded to the conception that the people must be given precisely what they want which some American practitioners took to indicate that if they were, Mrs. Thatcher

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# COMPANY NEWS + COMMENT

## Nottingham Manuf. £3.75m. ahead to £15m.

INCLUDING A £1.37m. profit on the disposal of investments the pre-tax surplus of Nottingham Manufacturing Co. climbed from £11.27m. to a record £13.02m. in the year to December 31, 1977.

Turnover in the year rose £24.5m. to £125.5m., and the result is after a £1.88m. (£1.85m.) contribution from investment income and payment of loan stock interest of £896,000 (£71,000). At half-way profit was £4.54m. (£3.37m.).

After tax of £4.52m. (£3.26m.) net profit for the year is £6.16m. (£5.01m.). Earnings per share are shown at 20.24p (15.45p) basic, and fully diluted at 18.18p against 13.90p.

The dividend total is lifted from 2.904p in 1976/75p with a final of 2.331875p net per 25p share.

The group manufactures knitted outerwear, hosiery, etc., and tufted carpets.

### HIGHLIGHTS

Nottingham Manufacturing's full year figures, showing front buoyant figures from profits up from £11.3m. to a new 1977/78 high, while Glass and Metal's results show expectations, and reaffirm the group's steady progress. Lex Chester Ship's results were far also takes a look at the implications of Glynwold's South African subsidiary merging with part of South African Gen-

eral Electric. On the results fifth in the previous year. However, continuing growth in these markets will be difficult to achieve if sterling gets much stronger, a factor which will also eliminate last year's currency gains of £55.000. The group's gross bill is about 15 per cent. higher—this includes price rises of about nine per cent. with the balance being accounted for by a return to a piece-rate wage structure which, the company says, has resulted in 10 per cent. savings in direct costs through higher productivity. Meanwhile liquid funds are building up (£0.85m. at November 1978) and the company is searching for acquisitions. The shares are on a p.e. of 4.8 while the yield of 7.3 per cent. is covered around three times.

## Manchester Ship Canal slumps

ALTHOUGH operating revenue of Manchester Ship Canal Co. improved from £21.48m. to £23.34m., taxable earnings slumped from £4.03m. to £1.2m. for 1977. At half-way, when profit was down £1.12m. to £1.19m., the directors said that the decline, above all, reflected the greatly increased cost of dredging the company's approach channel in the River Mersey, where cutting, which is cyclical, has occurred at a substantial rate. It was necessary to dredge one part continuously.

Tax for the year was lower at £1.05m. (£1.93m.) and net profit emerged at £1.07m. (£2.1m.). Stated earnings per £1 share came out more than £4.6p (£2.3p) and the net total dividend is stepped up to 1.5364p (£1.049p) with a final of 9p.

At year end, general reserves were higher at £10.32m. (£9.85m.).

Operating revenue ... 1977 1976 £m. £m.  
Turnover ... 128.533 104.141  
Trade profit ... 13.372 13.117  
Depreciation ... 5.412 5.983  
Int. on bank ... 1.128 1.128  
Profit on sale of inv. ... 1.771  
Interest ... 2.17  
Profit before tax ... 15.856 14.156  
Tax ... 1.056 1.930  
Net profit ... 10.301 6.160  
Dividends ... 1.052 1.049  
Surplus ... 1.5364p 1.049p  
Leaving ... 8.825 6.177  
\*Includes £1.3m. (£1.46m.) of inter-company sales.  
\*On cancellation of loan capital.

See Lex

## Record for Plastic Construct.

AFTER INCREASING from £103.98 in £214.211 at half-way, pre-tax profit of Plastic Constructions has ended the September 30, 1977, year ahead from £204.838 to a peak £303.149.

Turnover in the period rose £1.38m. (£1.09m.) and after tax of £27.9348 (£214,038), net profit comes out at £39.713 compared with £110.190.

Earnings per share are given at 9.73p (8.09p) and the final dividend is up from 2.448p to 2.70p, taking the total to 4.15p per 10p share against 3.718p last time.

Directors say that turnover for the first quarter of the current year is ahead of last year's level, and the order book is at a healthy level.

Improved manufacturing facilities in Birmingham and an additional manufacturing unit in the north-east are among measures being taken to meet increased demand.

1977-78 1976-77  
Turnover ... 817.746 849.140  
Profit before tax ... 27.9348 214.038  
Tax ... 27.125 214.211  
Net profit ... 29.713 110.190  
Minority credits ... 507 1.047  
Dividends ... 4.150 3.718  
Leaving ... 16.700 12.384  
\*After waivers of £2.810 (£2.778)

Operating revenue ... 1977 1976 £m. £m.  
Turnover ... 13.856 13.856  
Trade profit ... 1.172 1.165  
Land & house income ... 1.165 1.165  
Land sales surpluses ... 0.1 0.1  
Exceptional items ... 365 365  
Interest charges ... 708 707  
Trade profit ... 2.000 1.995  
Tax ... 1.064 1.971  
Profit ... 1.000 81  
Preference dividends ... 50 50  
Ordinary dividends ... 345 345  
Retained ... 1.578 1.578  
\*For redemption of loan capital.

● comment

Manchester Ship Canal's pre-tax profits slumped by 47 per cent. last year as the group was hit by substantial dredging costs, industrial disputes and very flat trading conditions. The cost of dredging the group's approach route in the Mersey Estuary rose by 78 per cent. last year, wiping around £2.5m. off profits and work is still being done on the channel although the group hopes that costs will be nowhere near as heavy in the current year. Meanwhile, industrial disputes completely closed the Port of Manchester for two weeks in the group's sales, compared with a

an excellent order book for the spring garments and all factories are fully employed meeting this demand.

Earnings per 20p share are shown at 10.35p (8.21p) and the net total dividend is raised to 2.32p (2.1p equivalent) with a final of 1.58p.

A further one-for-five scrip issue is proposed.

Tax took £330,000 (£27,000) leaving net profit at £490,000 (£381,000).

● comment

Thanks to more buoyant exports, full year profits of Ladies Pride were better than expected and the shares jumped 3p to a 1977/78 high of 50p. While the home market for the company's fashion outerwear remains static, the weak pound gave an edge to overseas prices and the volume expanded by 26 per cent.

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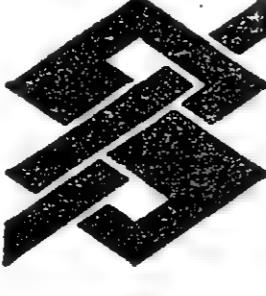
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## BANCO DO BRASIL S.A.

### CONSOLIDATED AND CONDENSED COMPARATIVE STATEMENT OF CONDITION IN MILLIONS OF U.S. DOLLARS

Assets	31.12.73	31.12.74	31.12.75	31.12.76	31.12.77
Cash and due from banks	682.9	1,021.0	1,142.0	1,344.7	1,098.1
Loans	14,870.3	20,856.9	26,166.8	31,932.4	39,023.9
Securities	285.2	338.7	429.7	506.9	729.8
Bank premises and equipment	292.1	356.6	373.4	370.3	900.7
Other assets	499.5	663.2	1,094.4	4,772.4	4,983.9
<b>TOTAL ASSETS</b>	<b>16,630.0</b>	<b>23,236.4</b>	<b>29,206.3</b>	<b>38,926.7</b>	<b>46,736.4</b>
Liabilities					
Deposits	10,872.7	15,007.8	17,537.7	23,226.3	26,565.1
Demand	6,485.7	8,183.2	9,129.6	9,839.7	11,019.8
Time	4,387.0	6,824.6	8,408.1	13,386.6	15,545.3
Funds borrowed	781.9	1,147.8	1,367.4	1,504.0	1,760.7
Funds for refinancing	2,524.7	3,301.6	5,882.5	8,014.0	11,341.5
Other liabilities	1,296.8	2,070.2	1,961.2	3,493.8	3,521.6
Capital and reserves	1,153.9	1,709.0	2,457.5	2,688.6	3,547.5
<b>TOTAL LIABILITIES</b>	<b>16,630.0</b>	<b>23,236.4</b>	<b>29,206.3</b>	<b>38,926.7</b>	<b>46,736.4</b>

The figures shown above are the conversion of Cruzeiros into U.S. dollars at the rate prevailing on the respective balance sheet dates.

### FOREIGN NETWORK

London, Paris, Paris-Opera, Hamburg, Frankfurt, Amsterdam, Rotterdam, Milan, Rome, Lisbon, Madrid, Stockholm, Geneva, Brussels, New York, San Francisco, Los Angeles, Chicago, Washington, Toronto, Mexico City, Tokyo, Grand Cayman, Panama City, Colón, Buenos Aires, Montevideo, Ciudad Vieja, Paysandú, Rivera, Asunción, Puerto Presidente Stroessner, Santiago de Chile, Antofagasta, Concepción, Valparaíso, La Paz, Santa Cruz de la Sierra, Cochabamba, Bogotá, Lima, Quito, Manama-Bahrain, Tehran, Lagos and Sydney.

New branches and representative offices to be opened shortly in other countries.

Banking correspondents throughout the world, and over 1,000 full branches in Brazil.

LONDON BRANCH  
15/17 King Street, EC2P 2NA.  
Telephone: 01-606 7101. Telex: 8812381

### DIVIDENDS ANNOUNCED

Current payment	Date of payment	Corporation day	Total last year	Total last year
£1.00	April 3	1	£7.1	£7.1
£1.00	April 4	2.75	£0.03	£7.75
20s	—	1.30	2.32	2.32
1.56	—	—	—	2.1*
0.54‡	—	0.75	—	1.7*
9.06	April 10	7.43	15.56	14.05
2.23	July 3	2.08	2.9	14.05
2.77	—	2.47	4.15	3.72
0.68	April 7	0.58	—	1.53
1.6	April 8	1.45	2.2	2.2
1.47	Aug. 29	1.47	—	2.2
3.20	Sept. 20	4	—	16

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.028p for 1976/77.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Toyota sales at peak as operating profits fall

BY YOKO SHIBATA

TOYOTA MOTOR COMPANY has quite so striking as the increase revenue. Toyota's net financial record sales of Y1.238bn. in its costs. Operating profits revenue (interest and dividends 5.22bn.) for the six months declined by 3.5 per cent. to received minus interest paid) December 31, last, up 16.8 Y278.15bn. (\$316m.). This increased to Y23.2bn. from 1 per cent. from a year ago. Slighted higher steel and labour costs, and a rise in depreciation of Toyota's car sales for the period. Net profits were Y55.75bn. "an all-time high" of 1.37m. charges (up Y28.2bn.) resulting from the company's expansion in the previous year, and Toyota's sluggish domestic sales of plant. This involves installing a 258 units (down 5.4 per cent.) production line to produce 10,000 further. Its equity ratio rose to 57.7 per cent. from December 31, 1977. Toyota's export ratio spring, 1978, to 53.1 per cent. from 58 per cent. a year ago. Current profit held the previous year's level at Y100.5bn. However, Toyota's expansion of production and sales was not performance of non-operating

## KL-Kepong issues shares to Malays

BY WONG SULONG

KUALA LUMPUR, Feb. 13. KUALA LUMPUR-KEPONG, one of the largest of Malaysia's plantation companies, has announced the issue of 15m. shares to

Asaembankers Malaysian Berhad, which is managing the issue. Sumiputras (Malays), in accordance with the Government's policy of encouraging Malaysia to take a larger stake in corporate ownership.

The new shares will increase KLK's issued capital by 8.4 per cent. to 167.5m. shares. The company's capitalisation is the second largest on the Kuala Lumpur and Singapore exchanges, after Sime Darby.

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KLK made a record profit of 42m. ringgit (U.S.\$17.8m.) last year and paid a 12.5 per cent. dividend.

Last week, another Malaysian company, United Asbestos

has not been fixed and is subject to approval by the Capital Issues Committee. KLK shares closed at 1.57 ringgit (about 67 U.S. price of 2.34 ringgit).

The price for the Malay shares

ministerial approval for its establishment at the beginning of this year and is to start operations next month through its head office in Riyadh and 45 branches throughout the kingdom.

The money-changing operations of the al-Rajhi family started in the 1940s and the four brothers eventually set up separate establishments. Their business expanded considerably after the rise in oil prices following the 1973 Arab-Israel war.

Although the new company is to offer finance for the profitable sectors of general trading and trading in building materials,

in addition, the bank will make value of notes and 80p sterling a small amount of shares available to its employees and pensioners. The new shares to be issued ordinary shares to come to dividends in respect of 1977 (15.24m. sterling, nominal value per cent. cash plus 20 per cent.

In addition, the bank intends bonus shares.

## Al-Rajhi brothers set up finance company

By Our Foreign Staff

THE SECURITIES and Exchange Commission of the Philippines (SEC) has postponed indefinitely the implementation of a policy which would have banned stock market trading in shares of companies by stockbrokers sitting as directors or officers of the same companies.

As a result of the SEC's decision, KLK made a record profit of 42m. ringgit (U.S.\$17.8m.) last year and paid a 12.5 per cent. dividend.

Meanwhile, the Manila Stock Exchange (MSE) and the Makati Stock Exchange (MKSE) have ended their quarrel over the stockbrokers' commission rate. Under an agreement reached recently, the MSE and the MKSE are free to charge a rate below the 10 per cent. ceiling allowed by the SEC, but no one exchange can uniformly charges less than the maximum without the consent of the other—they have to make the reduction at the same time and uniformly as well. Again, this will be unwelcome to investors, since they will have to pay more in terms of brokers' commission.

The suburban bourse, Makati, has now abandoned its 21-day round-turn trading practice under which it was charging 1.5 per cent. commission on buying, and 0.5 per cent. commission on selling if the two transactions were on behalf of the same trader within 21 days.

Before the agreement, mainly because of the commission rate differential favouring MKSE over MSE, the suburban bourse had been transacting more business than its city counterpart.

Of a recent week's turnover, for example, Makati's share was only 28 per cent. in volume terms or 37 per cent. in value terms, halved in the newspapers and thought it was the bigger and older among market traders. The exchange, from now on, the two grouping of securities dealers, are expected to split the business however, requested a reconsideration.

## INSIDER TRADING

## SEC backs off

By LEO GONZAGA IN MANILA

## Munkarie gas flow

BY LAURENCE STEPHENS

SYDNEY, Feb. 13.

E SOUTH Australian Government is hoping that its financing of the Munkarie Well will lead to a significant gas flow to-day.

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## FARMING AND RAW MATERIALS

record year  
or farm  
xporters

Our Commodities Staff

VALUE of U.K. visible  
arts of farm animals, agri-  
cultural produce, tractors and  
machinery rose 36.5 per cent last  
year to a record £1,928m.  
Exports of live cattle more  
than doubled, rising from £27m.  
most from lamb and pork  
meat and picked up more  
increasing sales of  
meat by about 70 per cent  
while earnings from beef  
alone rose by a relatively  
£15m. to £122m. export  
of poultry meat had a bumper  
increasing sales almost  
fold to £22m.

Total exports of farm produce  
including processed foods  
22 per cent to £273m. Agricul-  
tural chemicals and animal  
sales went up 40 per cent,  
£65m., and machinery and  
farmers' exports were  
£237m.—up 22 per cent.

ool sales  
sappoint

MELBOURNE, Feb. 13.  
ALL SALES of wool textiles  
in the northern hemisphere's  
have been disappointing  
except in the U.S. and  
the Australian Wool  
Council (AWC) says in its  
annual report.

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## DRE LINSEED

BUENOS AIRES, Feb. 13.  
LINSEED output may  
to 600,000 to 700,000  
this season, up from the  
10 tonnes forecast by the  
ulture Department in late  
try. As the weather became  
in Buenos Aires province,  
it resumed normal growth  
the average expected yield  
harvest also improved.

Copper market confused  
over output cuts plan

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell back on  
the London Metal Exchange  
yesterday following increased  
doubts about plans by exporting  
countries to cut production.

Talks between representatives of  
Peru, Zambia and Zaire were  
due to continue this week to  
finalise plans for a 15 per cent  
production cut. But on Friday  
evening Peru indicated that it  
was not in favour of a reduction  
at all.

There is therefore considerable  
confusion. It is known that  
Zambia is strongly in favour of  
a reduction in output because  
its mines are suffering consider-  
able losses at the present level  
of prices. Zaire is in a similar  
situation.

However, Chile made it quite  
plain at the CIPEC meeting in  
Jakarta last December that with  
its lower cost structure it was  
opposed to a production cutback  
while in the middle of expanding  
output overall.

Peru, which has also embarked  
on a mine expansion programme,  
agreed to production cuts in  
principle. But it is believed to  
be prepared to implement them  
only if Chile also reduces output  
and if the cuts take into account  
planned expansion.

It is argued that the Zambians  
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## STOCK EXCHANGE REPORT

Lethargic start to Account ahead of trade figures  
Share index eases 1.1 to 469.9—Gilts fall to  $\frac{1}{2}$ —Golds up

## Account Dealing Dates

## Option

\*First Declara. Last Account Dealing Dates

Dealing Day Jan. 30 Feb. 9 Feb. 10 Feb. 21

Feb. 13 Feb. 20 Feb. 21 Mar. 7

Feb. 27 Mar. 9 Mar. 10 Mar. 21

\*\*New time" dealing may take place from 9.30 a.m. next business day earlier.

Stock Markets made a drab start to the new Account yesterday. South African Gold shares provided the one bright exception, the Gold Mines index jumping 8.3 to 152.3 with the help of gains yesterday in the investment premium and the bullion price, the latter improving \$1.1 to \$167.5, an outturn of 1.1 per cent.

Uncertainties ahead of the January trade figures, due to-day, the latest money supply figures on Thursday and the retail price indices on Friday kept potential buyers of British Funds on the sidelines. Sentiment was also still unsettled awaiting developments in the tanker drivers and electrical power pay talks. Faced to it in short-order, markets are to a lesser extent in a longer date left the Government Securities index 0.24 off after the improvement of 1.35 in the previous three trading days.

Leading equities opened cautiously and eased slightly in a thin trade before closing slightly above the lowest levels. Second-line stocks showed scattered firm features on trading announcements and speculative demand, the latter partly reflecting weekend Press comment. The narrow trading range in the leaden oil FT 30-share index which traded down to 468.1 at 11 a.m. and gradually hardened thereafter to end at 469.9 for a net loss of 1.1.

Rises led mainly in the FT 30-quoted Industrials by 7.0-4, but the broad-based FT-Articulates three main indices all showed minor losses on the weight of falls in shares of the larger companies: the 48-share Industrial group index gave up 0.3 per cent at 200.83.

Official markings amounted to 5.82, compared with last Friday's 5.42 and the week-ago level of 5.41.

## Golds cautious

British Funds moved lower on caution ahead of this week's batch of economic pointers. Seldom were any pressure of selling put on the absence of potential buyers, downwards to drift towards until mid-afternoon when a slightly favourable reading of both the January retail sales and the tanker drivers' dispute encouraged a small recovery. This reflected bear-covering and cheap buying, the combination of which reduced the falls at the longer end of the market from 1 to 4 leaving the tap Exchequer which softened 4 to 384p, while Press Chemicals displayed a firm bias.

Tools responded to the forecast of record annual profits with a staged rally on two occasions

Agricultural, 212p xd, gained 7

before settling near the day's apiece, while Brent ended 4 to 68p and gains of 3 were

lowest in business after the official close, with losses extending to 1.1. Against this trend, 30p-40p was the demand for selected low-count shares found supplier after Share and Funding 51 per cent.

1978/80 established an exceptional gain of 1.1 at 93.1; other isolated improvements were restricted to 1.1. Corporations were virtually untested and remained generally at Friday's levels, and the situation was much the same in Southern African bonds.

although the 21 per cent 1985/70 issue hardened a point to 263.

Starmer's early business continued towards lower rates for investment currency and the premium reacted to 7.1 per cent before responding to moderate institutional demand which, being difficult to satisfy, pushed rates higher in thin trading to a close of 7.9 per cent, up a net 1.1 points. Yesterday's SE conversion factor was 0.7472 (0.7381).

Minster Assets' firm

A week which takes in the start of the clearing Banks' dividend season—Lloyds report on Friday—got off to a sluggish start. Business was extremely thin and the trading tone was reflected in Lloyds, a penny dearer at 266p and NatWest a couple of pence easier at 286p. Foreign issues were harder in places with AZY 7 up to 260p and Bank of New South Wales 10 to the good at 413p.

Press comment drew buyers' attention to Minster Assets, 21p, also in Merchant Banks. Guineen Peat added a penny to 144p, in Hire Purchase, 142p, Finance, cheapened 2 to 58p, the annual result issue due on Friday.

Activity in Insurances was also at a low ebb and price movements of late were few and far between. Sun Alliance picked up 4 more at 348p, while Guardian Royal Exchange hardened 2 at 233p.

Breweries had an easier bias following quiet trade. Allied closed a penny off at 85p, while Watbrough A eased 1 to 85.5p and B, 173p. Vaux, however, finished 11p harder at 104p following the share-slimming operation.

Buildings were firmer in places after a thin trade. AP Cement, at 235p, retrieved 2 of last Friday's fall of 7 which followed news that the Price Commission had to investigate the group's application for a price increase.

Speculative demand prompted gains of 21 in both Orme Developments, 110p, and Rover, 34p, while Wilson (Connolly) hardened 2 to 110p after 120p.

Engineering leaders Vickers hardened 2 to 174p and Gough Cooper 4 to 174p xd, and Scottish Metal improved 3 to 81p. J. C. E. G. held 10p following the share-slimming operation.

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# Costly cures for Mediterranean ills

BY CHRIS SHERWELL

THE MEDITERRANEAN countries face a dilemma: they can either watch pollution of their sea disrupt the lives of some 100m people living in the area, or they can try to take corrective action so expensive that the disruption might be worse.

Until January, all but one of the 18 states of the Mediterranean concerned with the issue of the absence of industrialists, workers and consumers. What no one disputes is that failed to agree on a crucial the Mediterranean is sick. Some stage of their strategy. They have claimed, rather dramatically, been to delay their ally that it is actually dying plans and, unless they can For officials of the United Nations Environment Programme (UNEP), which is supposed to co-ordinate the Mediterranean strategy, the question is whether the illness which has afflicted parts of the Mediterranean for centuries is now becoming so widespread as to be incurable.

The failure to agree can be explained in a word: money. Doing nothing about the pollution of the Mediterranean would be costly enough in terms of reduced tourism, increased incidence of diseases such as cholera, dysentery, typhoid, hepatitis, and contaminated marine life. But the cost over 10 to 20 years of combating pollution in the coastal areas alone is put, not at millions but billions of dollars.

Such calculations are inevitably full of uncertainties, as the international agencies which produce them would acknowledge. Equally, it is uncertain whether the costs would be justified. So does

changed economics of the triple production can be expected to have chosen the affect industrialists, workers second alternative. Then, at a meeting in Monte Carlo, they

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tion, after all, is a matter of degree.

Pollution is an international problem demanding an international solution. Many people count it as one of the great successes of the Mediterranean programme that countries at odds with each other—Greece and Turkey, Egypt and Israel, for example—should have sat down together to talk of co-ordinating domestic policies. It is a concrete achievement that some forms of pollution are now banned altogether. An umbrella convention agreed by Mediterranean countries in Barcelona in 1976, which became international law this week, carried two protocols on the prevention of pollution by dumping and on co-operation in a pollution

Measured against all this, the achievements of UNEP's Mediterranean programme so far seem slim. A productive January was supposed to add to three-year marine research and this further by putting some monitoring programme is to end this year. With the results of a survey of pollutants of land-based sources it should yield a much-needed profile of where the pollution is and how much

Establishing the conditions of this sphere—the Paris Convention on marine pollution from land-based sources, and the 1976 European Commission directive—



Dr. Stjepan Keckes—the Yugoslav marine scientist in charge of the UN's Mediterranean action plan.

occurred bitter debate within the Community which has never been satisfactorily resolved. Both envisaged "black lists" and "grey lists" of dangerous substances, classified on the basis of toxicity, persistence and accumulation. The idea was to reduce pollution by "black lists" substances—mercury, cadmium and their compounds, for example—to harmless levels.

The Paris Convention wanted them eliminated altogether.

Some of the Nine wanted the EEC directive to prevent the discharge of dumping of such substances altogether, others wanted allowance made for the absorptive capacity of the environment with "grey list" substances being subject to less strict controls.

These complications were hardly conducive to agreement at Monte Carlo. But worries about costs were the greater obstacle. The 17 states at Monte Carlo split between developed and developing countries. To developing countries, anti-pollution policies look like a costly constraint on development, designed to deal with problems they have not caused. These countries are also concerned that any Mediterranean treaty will in effect oblige them to buy anti-pollution equipment from developed countries, reinforcing the dependence they wish to escape, and draining further their meagre foreign exchange reserves.

The Yugoslav marine scientist

## Failure

Yet the failure to agree marks more than a mere hiatus in the three-year-old programme. After the smooth strides made hitherto, it was a sharp reminder of why an agreement may in the end prove extremely difficult to achieve. Further meetings are scheduled, but delay of up to a year in the original programme is not unlikely. A signed treaty looks impossible before the end of 1979.

Beyond this there are UNEP ambitions elsewhere. They tend to the Caribbean, the Gulf, the Red Sea and other large stretches of water. Meetings have taken place or are planned for all these areas. UNEP's overall aim is to implement action plan to the Mediterranean by 1982. The Monte Carlo experience now makes that target look over-optimistic. The bright aspect is that the prospect of an agreement in the Mediterranean has vanished altogether.

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# FINANCIAL TIMES SURVEY

Tuesday February 14 1978

## The Midlands

West people of the Midlands tend to relate more to their own locality, whether the Potteries, the Black Country, the Birmingham-Covenanter conurbation, or the commercial centres of Leicester and Nottingham.

Unlike the West Midlands with its commitment to the automotive industry, the Eastern half of the region can claim a more broadly-based economy embracing not only one of the most prosperous agricultural areas in Europe, but also one of the most efficient coalfields. Discovery of new reserves in the Vale of Belvoir will add to the importance of Midlands collieries which already rank as UK leaders in output, productivity and profitability.

The region's stake in the energy industries is underlined by the ring of modern coal-fired power stations along the Trent valley which provides nearly 20 per cent. of the nation's generating capacity.

But it is the automotive industry, and British Leyland in particular, that prompts most discussion in the region. The rate at which the cars group is turning out vehicles can have a marked effect upon the whole region. However, consolation can be taken from the fact that the go-ahead has been given for the £250m. project to produce a new small car at Longbridge, Birmingham, during 1980.

Priority has also been given to the new middle range car, scheduled for Cowley, Oxford, in 1982; expenditure on this replacement for the Allegro and Marina models is expected to be well over £300m. and much of this will be incurred in the Midlands.

The Midlands machine tool industry, which has passed through its deepest post-war recession and is still working at only around 80 per cent. capacity, has received assurances from Leyland of spending of £50m. and £80m. in each of the years up to 1982.

Of more significance are Mr. Michael Edwards' forecasts for Leyland's problems, though regional affinity

is less pronounced than years up to 1983 which suggest an issue which has excited most controversy is that of redundancies.

Arthur Smith  
is Correspondent

OF AN 'upturn' in economic activity in the Midlands been apparent for some time, but confidence is still lacking in growth in output this will be anything other than

Certainly the business

has improved with the

iment's success in holding

ne 'on pay awards' but

are no indications that

it will have any significant

upon investment and

ment.

region, with its high pro-

nt of manufacturing indus-

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umber of jobless' reach

records and witnessed

financial disasters in

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Herbert' has left the

realisation' is obviously

for a region as diversi-

the Midlands, stretching

market towns, such as

and Hereford, on the

borders, across the indus-

eastwards to the sea-

towns of Skegness and

thorpe. Regional affinity

Edwards' forecasts for

Leyland's problems, though

less pronounced than

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issue which has excited most

controversy is that of redundan-

Over the past year industrial activity in the Midlands has improved, but there is still excess capacity in many sectors and no great confidence about new investment.

average 25 per cent. share of the U.K. market and an annual output of around 800,000 vehicles—projections for 1980. Given the low morale which offer little prospect of growth for the suppliers.

Mr. Edwards has announced he is looking for new labour. The shortage of skilled workers, which has been

a feature of the Midlands economy even during the recession, continues; but few firms report that it poses a constraint upon production.

The foundry industry remains unsure how much work it will be able to achieve through

pick up even of Mr. Edwards voluntary redundancies and goes ahead with the expected natural wastage. The impact

decision to cut Leyland's £110m. upon local unemployment levels

foundry, modernisation and will be minimal and it should be

expansion programme. The remembered that Leyland lost main casualties are expected to around 17,000 workers during

foundry, at Wellington, a new ferrous similar exercise in 1975.

### Decision

There is some good news for investment programmes which must follow. Mr. Edwards review of capital spending will have an impact upon the region. However, consolation

The front wheel drive car should go into production at the Ryton plant next year and may serve the whole Europe market.

Output is likely to be perhaps treble the 800 Alpines currently produced. Introduction of a night shift and additional recruitment would take the Ryton labour force back to the levels preceding the 1975 financial collapse.

Unemployment levels throughout the Midlands are expected to remain fairly stable over the next 12 months. One black spot through its deepest post-war recession and is still working at only around 80 per cent. capacity, has received assurances from Leyland of spending of £50m. and £80m. in each of the years up to 1982.

West Midlands Chambers of

industry has used the past two

years to rationalise production and seek productivity improvements. Much of the investment

taking place is not to raise capacity but to replace man-

power with machinery.

Many companies which have

halted investment in order to

wait for an improvement in the

economy may be forced to spend

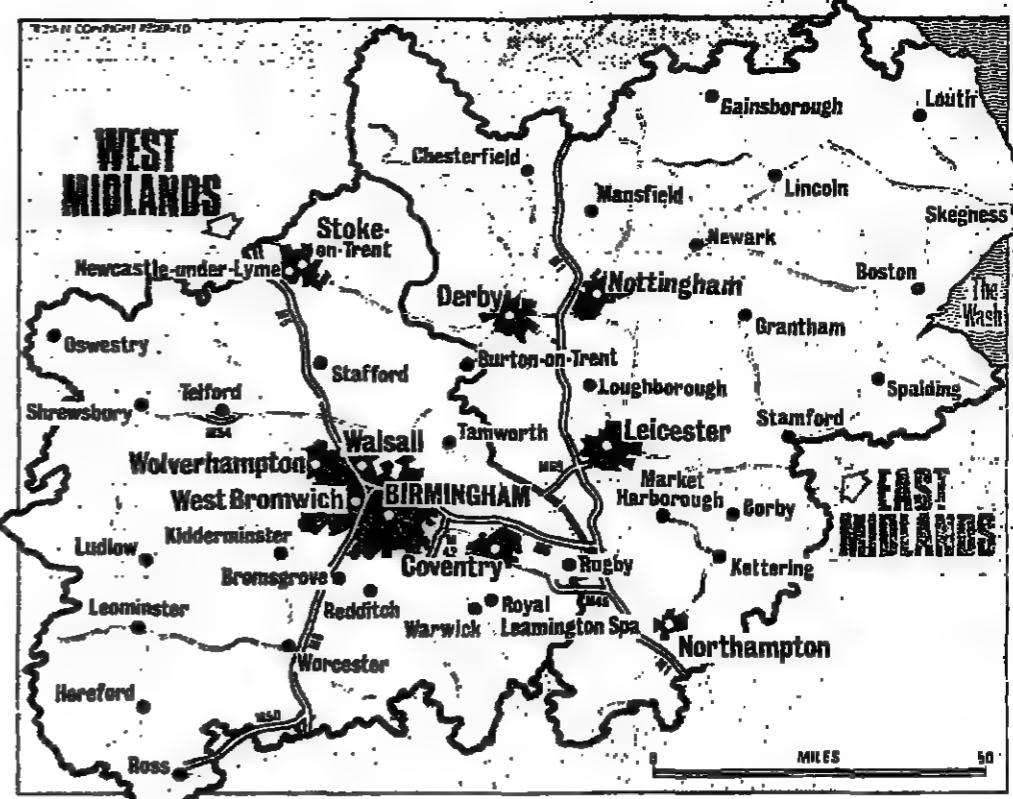
this year merely to replace worn

machinery. However, even

with interest rates at dramatically lower levels than just 12

months ago, banks report that

Quality and speed of delivery funds are not being taken up.



are regarded as important as

parties in meeting international

competition.

Against a background of

sluggish demand, it is no

surprise that companies are still

taking a cautious attitude to

new investment. Midlands

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But the factor which has had

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Most companies have man-

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duce incentives into pay

schemes. Pay anomalies and the

problems of differentials remain

but at least there has been suffi-

cient flexibility to prevent any

outbreak of damaging disputes.

Midlanders pride themselves

that, with their high proportion

of manufacturing industry, they

are at the sharp end of the

economy. For the moment no

one is making any bold state-

ments about the future; it is

enough that things are a lot

better than they were just 12

months ago.

The role of Government has

been important in bringing

forward investment and stimu-

lating modernisation. Assistance

offered under the 1972 Industry

Act has prompted projects in

the foundry, machine tool, and

clothing industries. Particularly

successful was the accelerated

investment scheme which has

set in motion projects worth

£25m. in the East Midlands and

£75m. in the West.

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ENGINEERING IN the Midlands is dominated by British Leyland motor group, both as a customer for component supplies and as a buyer of sophisticated machine tools. It is an accepted fact that the decline of Leyland has weakened the Midlands in both areas. Employment has become more difficult to find, some component companies have come under pressure, and the tooling industry for the motor sector has been in sad decline.

These problems have been exacerbated by similar difficulties encountered by Chrysler U.K. This U.S.-owned company has reduced the number of vehicles it makes in the Midlands quite substantially—from

well over 100,000 units a year to about 40,000—during the reorganisation of its production facilities following the Government rescue package. A large proportion of components going into Chrysler cars to-day are made in France rather than Britain—more than 50 per cent. at present.

Both companies, rescued within a year of each other in 1975-1976, now stand at a cross-roads. Neither has recovered sufficiently to be assured of a healthy future, nor has either yet slumped so far that there can be no hope for the future.

So far both the BL and Chrysler rescues have led to less than was originally hoped in terms of revitalising their areas of influence. Chrysler, for example, has not yet

reached the 57 per cent. level of U.K. component buying which was suggested as a target for the end of last year in the rescue agreement. BL's car production is falling year by year, virtually all of which will be spent in the Midlands at Longbridge, Birmingham, Cowley, Oxford and Solihull near Coventry, along with their satellite plants. But the question remains whether this will be sufficient to keep Leyland in anything like its present shape and size.

However, on the positive side both these rescue efforts, with their heavy money commitments, remain intact. Indeed in Chrysler's case some of the planned investment is being

switched to the Midlands away from the group's plant at Linwood in Scotland. This will put into the arena another medium-range car, based on the successful Alpine model which Chrysler now makes at its Ryton works in Coventry as well as at Poissy in France.

At the same time British Leyland has come through its latest crisis since the change of management at the top with its investment plan more or less intact. There will be some trimming on some projects, but the model line-up identified in the Ryder report has been largely endorsed, meaning that Leyland is committed to production of at least two new models up to 1982, plus several re-

visions.

Investment in these cars, along with the Land Rover and Range Rover expansion programme, could well amount to about £1bn. over the next five years, virtually all of which will be spent in the Midlands at Longbridge, Birmingham, Cowley, Oxford and Solihull near Coventry, along with their satellite plants. But the question remains whether this will be sufficient to keep Leyland in anything like its present shape and size.

In contrast to three years ago, when the company's inherent

weakness had been highlighted by the dramatic collapse in the market to an all-out crisis, Leyland is now fighting with its back to the wall. It has reached a point, in terms of production and market share, at which another serious hiccup could send it into an irreversible spiral of decline.

This reasoning underlies the message which Mr. Michael Edwards, the new chairman, has been spelling out to the company's workforce and the British public in the last few weeks. He

has tried to establish much more realistic targets for Leyland Cars to aim at during the next few years, rather than fighting a losing battle to retain its original size.

Under the new chairman, the main parameters within which Mr. Edwards intends to work are already clear. He is aiming to maintain Leyland's broad base as a manufacturer with an interest in both volume and specialist car manufacturing as well as a range of unique four-wheel drive vehicles. For production purposes he will break this conglomerate of the line such as the Jaguar, four-wheel drive and Sherpa ranges.

One will be for volume cars, based on three main areas.

These moves have created a structure more similar to that of General Motors than of Ford, where its image has suffered equally from the effects of bad publicity over the past three years. The Ryton plant, however, has recovered substantially from the effects of the 1975 collapse, during which it lost more than a third of its workforce. It has gained a new Alpine line during the reconstructions, and following an extremely good output record since then, will be receiving another new car next year.

Chrysler U.K. is similarly pushing hard in the U.K. market, where its image has suffered equally from the effects of bad publicity over the past three years. The Ryton plant, however, has recovered substantially from the effects of the 1975 collapse, during which it lost more than a third of its workforce. It has gained a new Alpine line during the reconstructions, and following an extremely good output record since then, will be receiving another new car next year.

Similarly, the Stoke plant in Coventry is gradually gathering in more work as its activities become more closely linked with Chrysler's needs in France. As two plants which have become closely associated with the front-wheel drive expertise the group has in France, their future seems quite sound—much sounder than anyone would have dared suggest two years ago.

Both Leyland and Chrysler will, of course, continue to walk a tightrope for several years yet. Yet as car sales throughout Europe have shown in the past ten years, there are still plenty of opportunities open to aggressive and well-managed companies so long as they do not cut their own throats with financial imprudence and labour unrest.

**Terry Dodsworth**  
Motor Industry Correspondent

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## THE MIDLANDS II

# Tasks for motor industry

vehicles, made under the which is much more highly centralised. But the question now is whether this will reinvigorate the Leyland management. Some of these companies will have their own sub-groups. Components, for example, will have a Pressed Steel Fisher

has already stated that the company must shed about 12,500 workers this year, and there must be many more jobs which will have to go as well.

Decisions also have to be made on the structure of the production units within Leyland. Several of the smaller component manufacturing units do not appear to be economic on the basis of their high overheads, and there is a case for closing them down. Question marks also hang over the assembly works at Speke in Liverpool and at Abingdon where the MG is made.

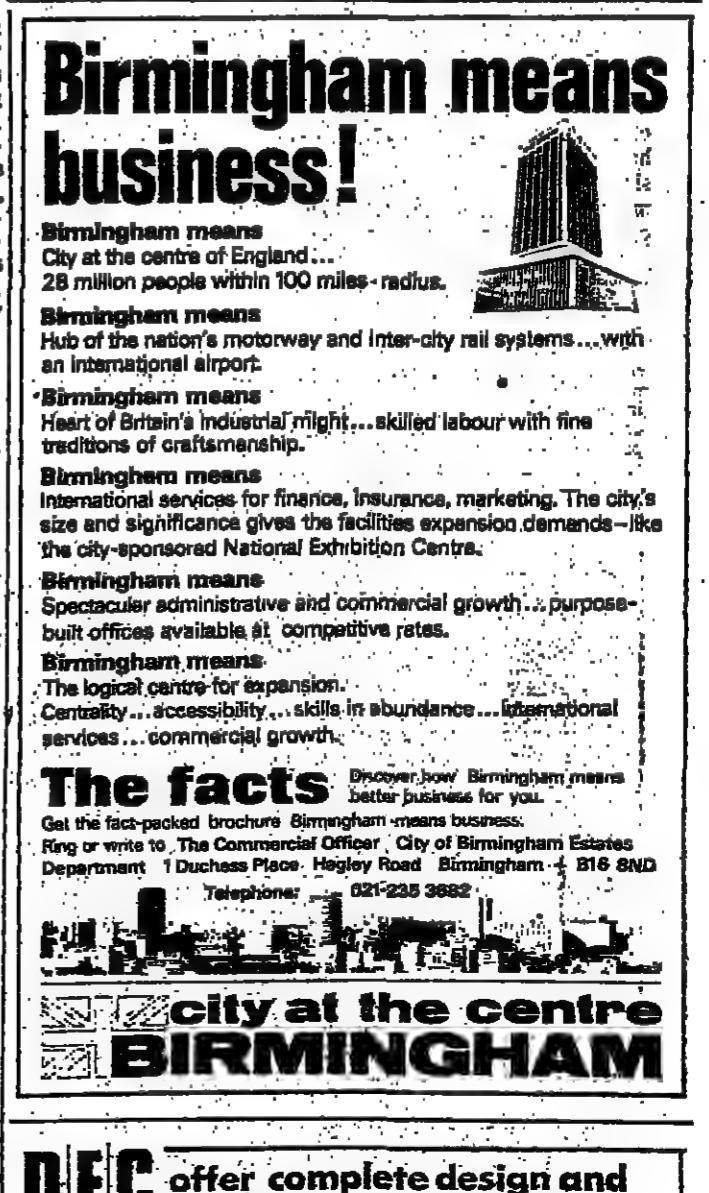
At the same time as solving these difficulties Leyland has to make some impression on the U.K. market, where its share fell to 21 per cent. in January from an average of 24 per cent. last year. Revamped models are on the way, but the cumulative effect of bad publicity has been very damaging to the company, and ground lost will not be recovered easily.

Chrysler U.K. is similarly pushing hard in the U.K. market, where its image has suffered equally from the effects of bad publicity over the past three years. The Ryton plant, however, has recovered substantially from the effects of the 1975 collapse, during which it lost more than a third of its workforce. It has gained a new Alpine line during the reconstructions, and following an extremely good output record since then, will be receiving another new car next year.

Similarly, the Stoke plant in Coventry is gradually gathering in more work as its activities become more closely linked with Chrysler's needs in France. As two plants which have become closely associated with the front-wheel drive expertise the group has in France, their future seems quite sound—much sounder than anyone would have dared suggest two years ago.

Both Leyland and Chrysler will, of course, continue to walk a tightrope for several years yet. Yet as car sales throughout Europe have shown in the past ten years, there are still plenty of opportunities open to aggressive and well-managed companies so long as they do not cut their own throats with financial imprudence and labour unrest.

**Terry Dodsworth**  
Motor Industry Correspondent



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The continuing success of British suppliers is basically due to assessing the opportunities and exploiting the potential of markets here and overseas well ahead of the opposition. The reworking of components is an example being more widely followed on the Continent, especially in Germany, which has a substantial second-

industry dealing with Japanese and European components and another for components. Some of these companies will have their own sub-groups. Components, for example, will have a Pressed Steel Fisher



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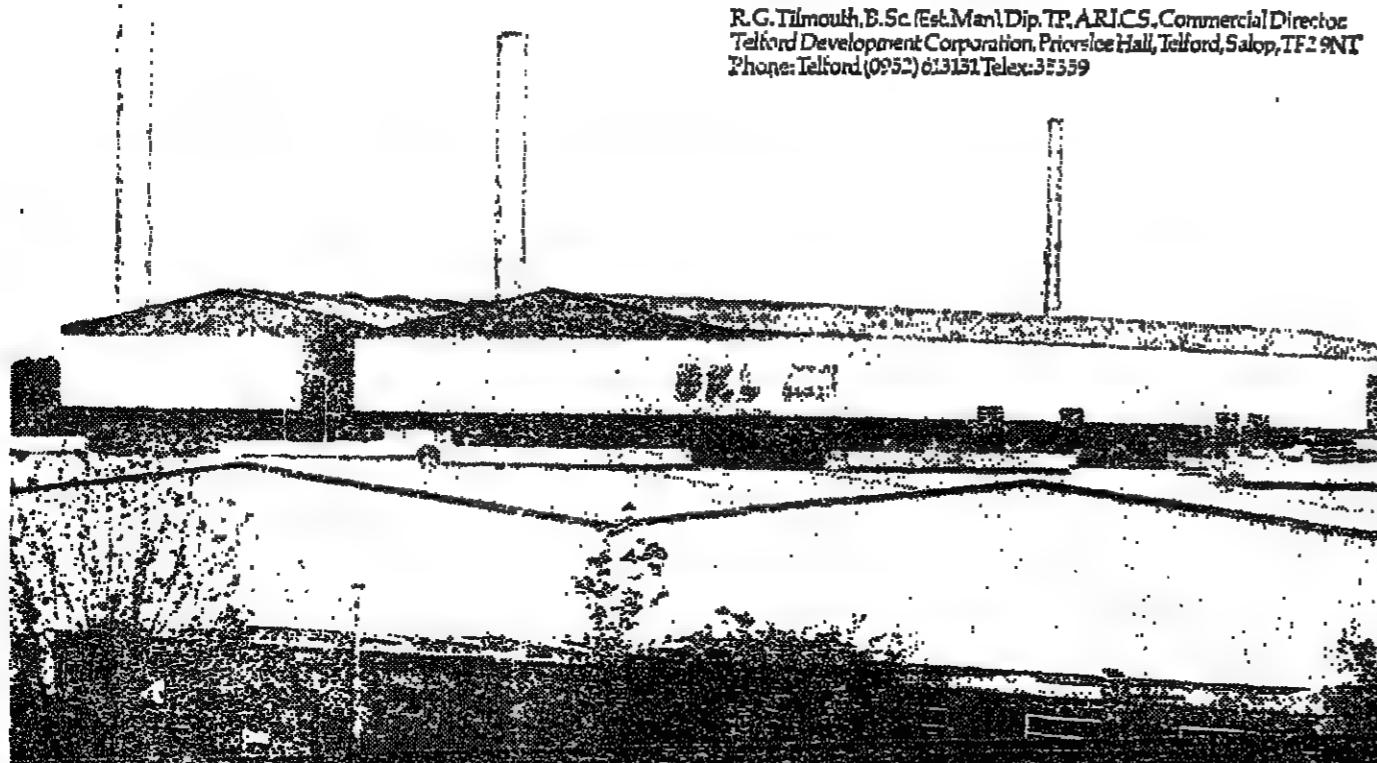
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## THE MIDLANDS IV

# Delicate investment climate

COMPARED WITH 18 months so in September last year and by trying to cut away surplus fat there is now a distinct feeling that a better climate exists for new investment. In this, the Midlands are reflecting trends reported by the most recent Financial Times business opinion survey for the whole of the U.K. The feeling is, however, extremely tentative and needs to be treated with great caution.

The problem about resuscitating investment in the Midlands is that the region has taken such a tremendous pounding over the past four or five years, and this has inevitably destroyed a lot of confidence. Although Rolls-Royce might be said to have overcome its difficulties and Chrysler on the way towards doing so, there remains a lot to be done at both British Leyland and Meriden. On top of this there are now fears that Cadbury will move its tea interests from Birmingham to Chester.

All these, and in particular British Leyland's problems, have had a cumulative effect on the climate for investment, making it that much more difficult for the area to climb out of the slump. But there are better signs. The consequence is that companies are direction. The West Midlands economically, much later than group of chambers of commerce, they have been for a very long time—probably since the war survey, showed that 28 per cent. of firms had revised their investment plans upwards for new plant and machinery over the next 12 months compared with resources, and management has only 23 per cent. that had done responded since the oil crisis

### Corollary

In other words, what the Midlands is showing is that firms are looking for more output from the same, or even less, labour. This is a natural corollary of the economics of the slump. Nearly every company has de-stocked in order to relieve the pressure on overheads and to generate a cash flow. The consequence is that companies are really evading the issue when they cite the difficulty in obtaining new machinery. But there is no doubt that, in the Midlands as elsewhere, there is a desperate shortage of skilled men. This shortage is not just in the large industries such as motors, metal manufacturing and foundries: it extends right down the scale to those industries for which Birmingham has been world famous—jewellery, silversmiths—and which comprise a large number of small firms.

What is tending to happen instead is that firms are approaching their banks seeking an extension of facilities. A company which has an overdraft facility for, say £2m. to £3m., will probably seek to push this up to £5m. The intention it to be able to meet contingencies in future rather than spend at the moment.

Other factors limiting new capital spending are the non-availability of new plant and the severe shortage of skilled labour. It is always possible to plant somewhere and it may be that industrialists are really evading the issue when they cite the difficulty in obtaining new machinery. But there is no doubt that, in the Midlands as elsewhere, there is a desperate shortage of skilled men. This shortage is not just in the large industries such as motors, metal manufacturing and foundries: it extends right down the scale to those industries for which Birmingham has been world famous—jewellery, silversmiths—and which comprise a large number of small firms.

There are hopes that the Government's change of heart over inner-city development might have some beneficial effect. The Midlands, with one for the change of policy over owned by British Rail, for and developments to take place.

The Government is also aiming the cause of new investors by adopting a pragmatic, not say, liberal, approach toward the definition of an inner city. In Birmingham's case Salford, which is, in fact, an outer part of the city, has been included. Since Salford has land available, the chances of new business able to expand in the area have been enhanced.

Nothing will happen, however, until there is a more pronounced pick-up in the economy. Everyone is creating the element of optimism with great caution. There is little hard evidence to show that investment is moving ahead; and that it looks as if it is beginning to move. Another year, at least, is needed for anything firmer than that.

Anthony Moreton  
Regional Affairs Editor

As far as selective assistance is concerned, it has managed to do quite well, as the table shows. The West Midlands has gained 44.2 per cent. by value, local authorities in discussing with the Department of the Environment's inner-city policy 25.5 per cent. of that to the might be implemented. A working party of the Birmingham Chamber of Industry has a local concentration of foundries; this might not be unexpected, but government executive in attendance, even under the category of "red meat" is effect, improvements to abattoirs—it has won local authorities can now build 20 per cent. Other grants, however, are simply not available, certainly room in Birmingham through districts which were heavily populated with small businesses.

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## Optimism in property

OVER THE past three years any Midlands' property man brave enough to talk cheerfully about business in the region has been dismissed with a wry smile and a reference to the massive regional over-supply of space. But he may now expect a less sceptical audience as 1978 has started on a significantly more optimistic note.

The summer and autumn months of 1977 saw renewed letting demand in all sectors of the market. And although most major cities of the region still have a marked imbalance of supply over demand, the overhang of buildings developed in the early 1970s, and standing embarrassingly empty ever since, is gradually being absorbed.

Industrial property has been leading the way out of recession. In the West Midlands local agents have been talking of a 20 per cent. increase in warehouse rents in 1977, pushing prime located modern units around Birmingham into the £1 to £1.25 a square foot range.

Increased letting demand for warehouse, rather than factory units continues to influence new developments. A recent survey by Debenham Tewson and Chinnocks shows that throughout the West Midlands in the ten years from 1966 warehouse space increased by 102 per cent to 108.8m. square feet compared to a 13 per cent. increase in factory space, to 416.4m. square feet.

Pressure to alter further the balance of industrial space in favour of warehousing is reflected in the predominance of large warehouse schemes among applications for Industrial Develop-

ment Certificates within the region. But developers are meeting increasing planning resistance to purely warehouse schemes as local authorities become reluctant to zone prime industrial land for low employment use.

This planning reluctance, with its consequent effect upon site costs, could become an increasing problem as letting demand and greater availability of development finance draw out more new building. But for the time being, although some spectacularly large industrial schemes were unveiled last year—particularly in the Birmingham fringe areas—development activity throughout the West Midlands is still at a relatively low ebb.

After a temporary lull in 1976, the number of Industrial Development Certificates granted in 1977 dropped by nearly a third. The letting market revival has not, therefore, primed a new building boom, and this situation underpins the prospects of further strong industrial rent growth this year.

Fears about the future of British Leyland apart, the industrial conurbation that stretches from Birmingham to Coventry has managed to ride out the recession better than most of the rest of the region. Industrial rents reflect this resilience. Outside the Birmingham-Coventry axis new space ranges up to £1.30 a square foot throughout the West Midlands. The weight of older multi-storey space in the Black Country tends to keep older units below £1 a square foot and there is still little demand for buildings without reasonable motorway access.

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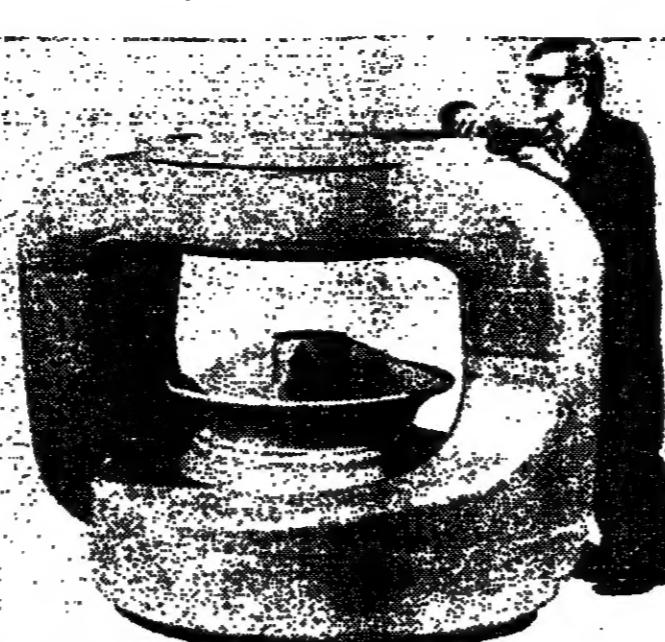
## THE MIDLANDS V

## Engineering Worries

MIDLANDS is hardly the best place that comes to mind organising trade missions to the oil industry in the Americas to Zambia and will not provide much, if any, encouragement to spend a few days in the world's ports in acquiring a skill that has been such a potent factor in the context of supplying the many parts of the world's exploration of the oil industry. The other human barrier is the cost of living often the buoyancy of some of the people living there that the business has contrasted the Employment Protection Act, which has made everyone and the like, more difficult to work with. The other human barrier is the cost of living often the buoyancy of some of the people living there that the business has contrasted the Employment Protection Act, which has made everyone and the like, more difficult to work with. The other human barrier is the cost of living often the buoyancy of some of the people living there that the business has contrasted the Employment Protection Act, which has made everyone and the like, more difficult to work with.

## Labour

What, frankly, is worrying a lot of Midlands industrialists is the possibility, even the probability, of the money to be released by tax cuts and other incentives to expenditure being poured into consumer durables. In that case it will be of little help, fine enough, of course, for the vehicle and domestic appliance makers, but not exactly what the heavier battalions are looking for. There are small signs of improvement, like the increase in job vacancies, but this could be in part due to the inability to find skilled workers without whom the less skilled cannot be taken on. There is a chronic shortage of maintenance electricians, welders, fitters, draughtsmen, pattern makers, turners and others involved either in developing new products or keeping plant and equipment ticking over. Chrysler, for instance, could put on another shift at the Stoke engine factory if it could recruit sufficient skilled people. So much for the compression of differentials, which



A 28 cwt. aluminium bronze pump casing from T. M. Birkett, Billington and Newton's foundry at Stoke, for use in offshore oil work.

on decisions which still have to be taken, like the Government's decision over the BAC X-11, which has a direct competitor in the 150-seat Aérospatiale A200. No one is underestimating the intense competition that has been developing. Using seasonally adjusted figures, unemployment in the Midlands is seen to have been falling in recent months, and even more encouraging, the number of vacancies has been floating upwards. But when the statistics are broken down into industries, the ebb and flow is only of Mediterranean-like proportions.

Lucas, for instance, is heavily involved in secondary flying controls for the A300B European airbus and fuel systems for the RB211, which powers the Lockheed TriStar and Boeing 747. Dovty, which makes undercarriages and other hydraulic equipment, as well as flying controls, and Smiths Industries, avionics, are also engaged in these and other collaborative enterprises. Whether present workloads can be sustained depends very much

## Prosperity in the Potteries

VERY FEW industries can rival the ceramics manufacturers in the proportion of output exported, which has run consistently above 40 per cent. And none excel it in its conversion value of almost wholly indigenous materials. Moreover, it is one of the very few industries, probably the only one, whose main sector, in this case tableware, which can be found of com-  
monly having improved their accounts for about 60 per cent. of its performance, especially of exports, is working overtime because of a well known and rusted name. Devaulation has helped the industry to maintain its competitive technical and marketing edge. Before the war forced concentration there were around 700 pottery firms. By the early 1950s there were only half that number and a decade later only some 150. Since then there has been a strengthening at the top of the tree where Doulton, Wedgwood and Royal Worcester-Spode are prominent in fine tableware, and a healthy expansion of the craft at grass-roots level as designers, technicians and casters have come together to regenerate a cottage style industry.

Perhaps in no other section has the influence of craftsmanship for pecuniary, or visual, delight been so evident as in that section producing ornamental ware, from exquisite vases and birds to Toby jugs. Judging from the trade statistics of exports, it is a good deal more worthwhile exporting them even than fine china. The latter is shipped overseas at around £3,000 a tonne (compared with a third of that for earthenware), while ornaments sell for an average of nearly £5,000 a tonne (more than £5m. for 1,264 tonnes in January-November last year).

## Dependent

Even so mundane a branch of the industry as sanitary ware has been doing extraordinarily well, overseas. Encouraging though this is, exports have by no means offset the downturn in the home market. Since 1974 about £1.5bn. has been taken out, mainly in construction, and only £630m. has been put back in, making a fairly hefty deficit, and leaving most sanitary ware makers at only 70-80 per cent. capacity. The home market is becoming increasingly dependent on home renovations, grant aided improvements and the do-it-yourself sector of the market, which to-day accounts for an estimated 60 per cent. of sales.

The electro ceramics sector has also been grateful for export sales for providing additional turnover to a stagnant home market. One or two of those in the smaller product end, which uses power-forming techniques, are diversifying into the more traditional lines, such as small animals and other items likely to catch the tourist's eye.

The giftware market is becoming an increasingly important outlet. Proof of this is seen at the International Spring Fair, which has just closed at the National Exhibition Centre near Birmingham. It is now reckoned

to be the second most important born of amalgamations and of its kind in Europe, strongly challenging the German show. Last year the fair produced about £10m. worth of turnover in modern factories and processes. And if there were Queen's Awards for industrial relations, then ceramics would deserve them as often as they become available, for it has one of the most settled and organised organisations in the country.

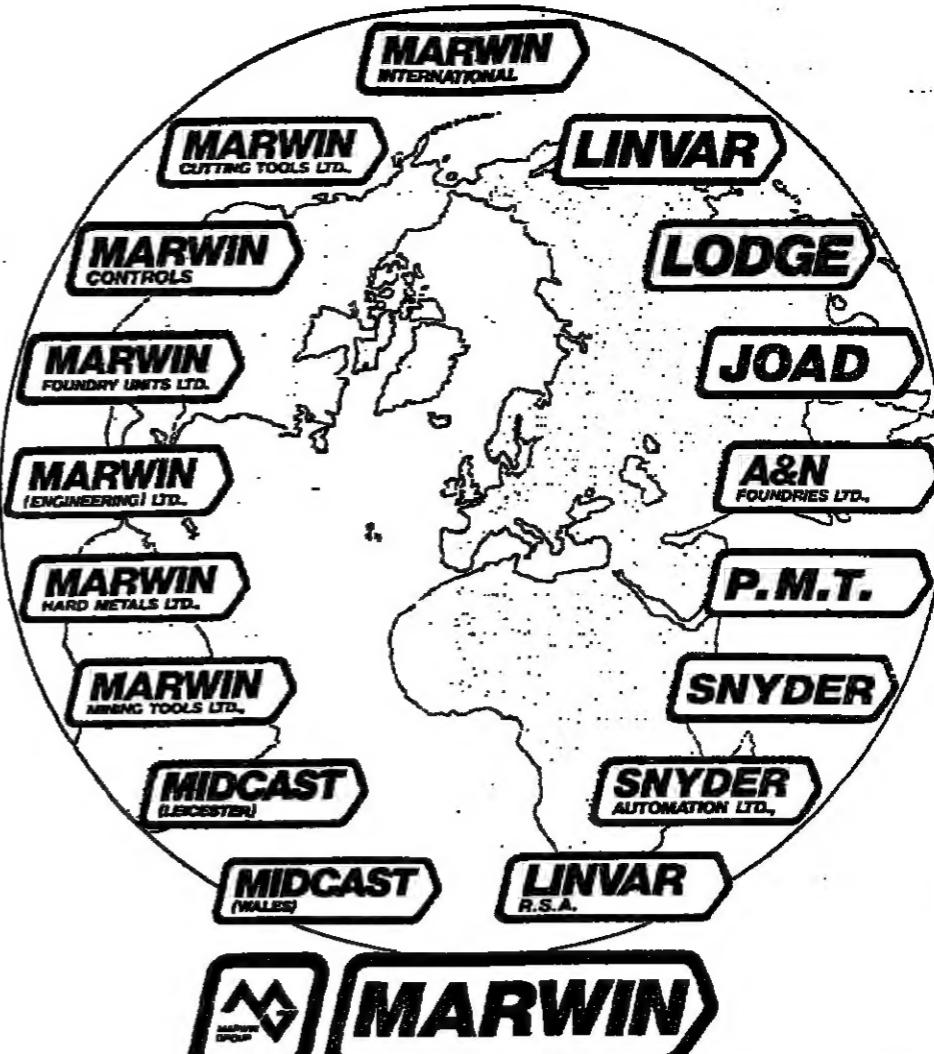
This factor as much as any has helped the industry to maintain its competitive technical and marketing edge. Before the war forced concentration there were around 700 pottery firms. By the early 1950s there were only half that number and a decade later only some 150. Since then there has been a strengthening at the top of the tree where Doulton, Wedgwood and Royal Worcester-Spode are prominent in fine tableware, and a healthy expansion of the craft at grass-roots level as designers, technicians and casters have come together to regenerate a cottage style industry.

Perhaps in no other section has the influence of craftsmanship for pecuniary, or visual, delight been so evident as in that section producing ornamental ware, from exquisite vases and birds to Toby jugs. Judging from the trade statistics of exports, it is a good deal more worthwhile exporting them even than fine china. The latter is shipped overseas at around £3,000 a tonne (compared with a third of that for earthenware), while ornaments sell for an average of nearly £5,000 a tonne (more than £5m. for 1,264 tonnes in January-November last year).

Nevertheless, investment is continuing at a high level and should help to maintain the industry's competitive position. It is difficult to estimate the aggregate of projects within the industry, but informed sources put the current rate at £12m.-£15m. or around 4-5 per cent. of turnover. Wedgwood, which exports 62 per cent. of its products and is working overtime in the fine china and Jasper sections, is about half way through a £10m. modernisation and expansion programme. The capacity of the Barlaston factory, to the south of Stoke-on-Trent, is being raised by one-third, there is a new purpose-built factory for making ceramic transfers, and the sanitary ware factory is being expanded. Altogether about 1,000 extra jobs are being created by 1981. The Doulton group, which has 21 factories, has an investment programme of around £6m. a year to bring older factories up to modern conditions, to expand production selectively and to give greater flexibility. Royal Worcester-Spode is also undertaking a number of projects aimed at consolidating and then expanding the group's interests.

The main aim of these and other programmes is to make more economical use of scarce, highly paid labour and to improve quality. Like other industries, the ceramic industry has felt the impact of equal pay for women, Health and Safety Act, Protection of Employment and other measures which have added to the pay roll without increasing overall efficiency. In some instances they represent a burden not borne by competitors overseas, and mechanisation of the less skilled processes is going on apace to offset the effects.

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## Spending in shops shows slight fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN shops fell back slightly last month from the high December level, but it remained much stronger than during the rest of last year.

Latest figures suggest that the recovery in consumer demand still falls well short of sustained boom conditions. Reports from the retail trade indicate a possible slackening in the level of sales for the next few weeks, before the time of the Budget in mid-April.

The retail sales volume index in January was 108 (seasonally adjusted, 1971=100), according to the provisional estimate published yesterday by the Department of Trade.

This compares with the revised figure of 107.0 in December, but is more than 2 per cent. above the average level last year, and is 11 per cent. higher than in January 1977.

It would be wrong to read too much into the slight fall in January, especially as the estimate is subject to later revision.

The pick-up in the last two months means that the volume of trade between November and January was 11 per cent. higher than in the previous three months.

The Department of Trade says that the rise may have been affected by the backdated reduction in income tax.

Spending in the past couple of months may also have been as a result of the large number

RETAIL SALES		
	Volume: 1970=100	Value: percentage change with a year earlier (not seasonally adjusted)
1976 1st	105.9	+14
2nd	106.9	+12
3rd	107.3	+16
4th	105.9	+16
1977 1st	102.2	+14
2nd	102.4	+13
3rd	104.6	+15
4th	104.9	+14
Oct.	103.3	+12
Nov.	103.8	+11
Dec.	107.0	+16
1978 Jan.	106.0*	+12*

\* provisional estimate  
Source: Department of Trade

of workers delaying pay settlements.

This should be only a temporary check and an upturn could occur sooner if there is pre-Budget speculation about a rise in indirect taxes. At present, however, any increase in these taxes, which is still uncertain, looks like being fairly small because of the Government's concern about holding down the rate of price inflation.

This emerged last night following confirmation from Mr Denis Healey, Chancellor of the Exchequer, in the Commons that the Government intended to invite all nationalised industries to accept clauses negotiated under any future pay policy.

"It would be quite ridiculous to confine the operation of the pay clauses to the particular year, in which the contract was signed," he said.

No decision has yet been taken on whether to issue a formal invitation to local authorities to do the same. Ministers acknowledge that Conservative-controlled authorities would be unlikely to comply but hope that those controlled by Labour will do so as a matter of course.

### Sanctions

The extension of the Government's sanctions policy into the whole public sector, underlines the Chancellor's determination to do what he can to get the inflation rate down to around 7 per cent. by the early summer and to maintain that level for the remainder of the year.

Any increase in inflation in the summer or early autumn would severely damage Mr Callaghan's prospect of calling a general election in October. And Conservative MPs believe that this is a major factor in the increasingly tough attitude on pay being displayed by Ministers.

Mr Healey, facing Tory anger during a censure debate at what Sir Geoffrey Howell, shadow Chancellor, described as the Government's "unjust, unlawful and unconstitutional methods,"

"admitted that the 10 per cent. guidelines were being enforced more rigidly than originally intended.

When challenged by the Tories on the Ford settlement of 11.9 per cent. Mr Healey argued that this had been made early in the pay round when the Government still

## State industries likely to follow contracts policy

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS are now confident that virtually all nationalised industries and some local authorities will follow the Government's example and operate contracts clauses with private industry to force observance of the 10 per cent. pay guidelines.

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hoped there could be more flexibility.

But it became impossible to achieve the central objective of an increase in average national earnings of below 10 per cent. while still allowing some settlements significantly above that figure.

This was also a clear indication from the Chancellor that similar clauses on pay guidelines would be inserted into contracts negotiated under any future pay policy.

"It would be quite ridiculous to confine the operation of the pay clauses to the particular year, in which the contract was signed," he said.

Mr Healey although searching about the "irresponsible and desperate policies of opportunism" being displayed by the Conservatives, appeared hopeful that the CBI Council would take a "sensible" view, when it meets to-morrow.

"I know they support the pay policy and accept the need for sanctions to support it. I believe it should be possible to satisfy them... that the use of these clauses should not be oppressive or unreasonable."

### Arbitrary

The tone of the Chancellor following the announcement last week of the controversial pay clauses was totally unrepentant. The Government had no intention, he affirmed, of throwing away all the benefits of moderate pay increases on "going soft" when it came to taking action to make sure the moderation continued.

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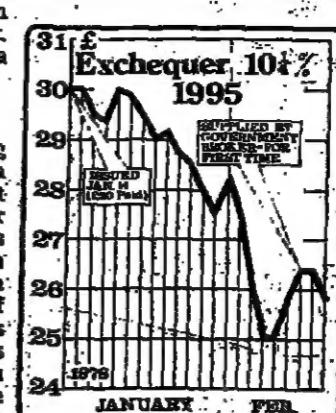
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## THE LEX COLUMN

# Nottingham cuts a stylish pattern

Index fell 1.1 to 469.9



its South African subsidiary to its local directors for £1.1m. The price is equivalent to net asset value, but compares with last year's profits of £0.7m. According to the chairman, there is a "real concern" that South African exchange controls will become more stringent in 1978-79, thus making it increasingly difficult to remit dividends to the U.K.

### Small Audits

The news that U.K. accountants are proposing to introduce reviews of accounts for private companies coincides with a debate in the U.K. about whether small companies here should be exempted from the rigours of a full-scale audit. The U.S. proposals, which are on similar lines to practice already common in Canada and Australia, are said to be a direct response to the needs of small companies for different levels of accounting services.

In 1978, the trading background should be more favourable. Nottingham is not expecting much of an upturn in consumer spending until after the Budget, but it will "feel" the change quickly if and when it comes. And it believes that the new Multi-Fibre Arrangement will be of real assistance in stabilising the market at the cheaper end. Knitted outerwear, its speciality, is one of the most restricted category of imports under the new scheme.

Against this background, the shares have been strong performers in recent months — they closed at 114p yesterday, the highest point for nearly five years. At this level the yield is only 4.3 per cent., and Nottingham does not have the recovery scope of most textile groups. But then other companies do not have its profits record, its dividend cover (4.5 months after a low tax charge) or its cash balances. These amount to well over two-fifths of the market capitalisation of £50m. and the final dividend was passed.

The pressure for such a change in the U.K. Companies Act is, for the most part, coming from the country's large accounting firms. They do not have to cope with smaller companies and incomplete records. The big accountants believe that the profession's auditing standards will not be seen to be tough enough if they have to embrace all types and sizes of companies. Hence the review proposal.

However, there are big differences between the situation in the U.K. and countries such as the U.S., Canada and Australia. Statutory audits for all companies have been mandatory in Britain for almost 50 years. They are now accepted part of the business environment, and are a smart price to pay for the privilege of limited liability. The said, has never been the case in other countries — even the U.S. still

has decided to bite the bullet is no statutory requirement for unlisted companies to have a 50 per cent. interest in audits.

The news that Glynwed's South African subsidiary, Defy Industries, is considering merging with the household appliances side of the South African subsidiary of America's General Electric, underlines the problem. Defy, which has around two-thirds of the local electric cooker market, has had a chequered history and 1977 proved to be a very difficult year — profits were down sharply and the final dividend was passed.

Glynwed is not at all keen to pump extra money into the company from the U.K. and although it considered selling out completely, it would only achieve this for a fraction of the group's net worth of around £10m. It appears that U.K. companies that want to pull out of South Africa will have to pay a high price, as Reit International is no doubt aware.

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